GREEN FINANCE IN BANK AND FINANCIAL INSTITUTIONS (BFIs)

A Dissertation Submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master of Business Studies (MBS)

By

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Urmila Suvedi

July 2024

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It is certified that thesis entitled **"Green Finance in Banks And Financial Institutions"** submitted by Urmila Suvedi is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled **"Green Finance in Banks And Financial Institutions"** presented by Urmila Suvedi candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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ABBREVIATIONS

ANF	Non-Financial
ATM	Automated Teller Machine
BOK	Bank of Kathmandu
CFP	Corporate Financial Performance
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
E-banking	Electronic Banking
EBL	Everest Bank Limited
GBS	Green Business Strategy
GHR	Green Human Resource
GI	Green Investment
GIME	Global IME Bank
GPS	Green Product/ Service
IT	Information Technology
KYC	Know YourCustomer
RBB	Rastrya Banijya Bank
RM	Risk Management
ROA	Return on Assets
ROE	Return on Equity
S.D	Standard Deviation
SPSS	Statistical Package for Social Science

ABSTRACT

The study investigates the impact of Green Finance on BFIs specifically focusing on green investment, risk management, green human resource practices, green products and services, and green business strategy. The research utilizes a descriptive and exploratory design, employing primary data collected through questionnaires from employees of six selected commercial banks in Kathmandu Valley. The sample includes employees from both officer and assistant levels, ensuring a diverse range of perspectives. The research addresses a significant gap in the literature by analyzing green banking practices' impact on financial performance, an area previously underexplored in the context of Nepalese banks.

The major findings indicate a strong positive correlation between green banking practices and banking efficiency, effectiveness, and economic performance. Green products and services, along with green business strategies, emerged as the most influential factors enhancing economic performance. The study highlights the high engagement of strategic decision-makers in green banking discussions, the diverse gender representation, and the predominant influence of younger, well-educated employees on green banking initiatives. Recommendations for future research include conducting longitudinal studies to track the evolution of green banking practices, comparative analyses across different regions, and deeper investigations into customer perceptions and behaviors towards green banking products. Enhancing regulatory support and improving customer awareness are crucial for advancing sustainable banking practices in Nepal.

Keywords: Green Investment (GI), Risk Management (RM), Efficiency, Effectiveness, Economy Green Product/Service (GPS), Green Business Strategy ,Green Human Resource (GHR)

CHAPTER – I

INTRODUCTION

1.1 Background of Study

Green finance isn't entirely new. Based on the idea of ecology, this concept examines how development affects the environment and how the environment affects development. Ecology is the study of how organisms interact with their surroundings. The development ecology, which examines the beneficial interactions or reciprocal relationships between development and the environment or living things, includes green banking as one of its components.

Despite the growing recognition of green banking's importance, its relationship with the financial performance of Nepalese banks and financial institutions remains relatively underexplored. Understanding how the adoption of green banking practices influences perceived financial performance is essential for stakeholders, including policymakers, regulators, investors, and banking executives (Bhattarai & Saha, 2021). Such insights can inform decision-making processes, facilitate the development of sustainable banking policies, and enhance the competitiveness of Nepal's financial sector on a global scale. By examining the extent to which Nepalese banks and financial institutions integrate environmental considerations into their operations and assessing how these practices impact their financial performance, scholars and practitioners can shed light on the potential synergies or trade-offs between environmental sustainability and financial profitability (Dhungana & Regmi, 2020). Moreover, such research can offer valuable insights into the effectiveness of current green banking initiatives in Nepal and inform future strategies for fostering sustainable development in the country's banking sector.

In Nepal, where environmental concerns are increasingly prominent due to factors such as climate change and environmental degradation, the adoption of green banking practices has emerged as a crucial strategy for both financial institutions and the broader economy (Sharma & Ghimire, 2020).In recent years, the concept of green banking has gained significant traction worldwide, including in Nepal. Green banking practices encompass a range of environmentally sustainable initiatives undertaken by banks and financial institutions to reduce their carbon

footprint, promote renewable energy financing, and incorporate environmental considerations into their business operations (Dhakal, 2019).

Climate change is one of the most complex concerns society is now confronting. These days, more people are aware of global warming and the detrimental effects it has on human life. Therefore, it is imperative that regulations be changed to safeguard the environment in a sustainable way, as doing so is essential to human survival. In addition to the government and direct polluters, other stakeholders, including financial institutions like banks, are also concerned about it. Through "Green Banking," banks are playing a crucial role in environmental development and response (Nath, 2017).

Green Finance, integral to Green Banking, significantly contributes to advancing resource-efficient and low-carbon industries such as the green economy. Similar to conventional marketing, the concept of greening, aligned with social marketing principles, involves identifying environmentally conscious attitudes and behaviors to foster the development of green concepts and products. This approach encourages integrating economic, social, and environmental factors to deliver value. Furthermore, environmental management in banking mirrors risk management practices, enhancing enterprise value and reducing loss ratios through higher quality loan portfolios that lead to increased earnings. Therefore, promoting environmentally responsible investments and prudent lending should be a core responsibility of the banking sector. Banks must initiate green growth initiatives internally and externally to foster a robust and successful low-carbon economy. However, Banks are now playing a vital role towards the green growth through their green banking practices (Rai, 2016).

A green bank, also known as an ethical bank, environmentally responsible bank, socially responsible bank, or sustainable bank, operates similarly to a traditional bank but places significant emphasis on considering social, environmental, and ecological factors. The primary objective is to protect the environment and conserve natural resources (Kaur, 2014). Green banking, also referred to as ethical banking or sustainable banking, falls under the same regulatory authorities as conventional banking but incorporates an additional mandate to safeguard the Earth's environment (Jha & Bhome, 2013). Like a standard bank, green banking takes into account all social, environmental, and ecological aspects with the goal of

environmental protection and natural resource conservation. It is called as an ethical bank or a sustainable bank (Jain, 2013).

In order to assess the risks associated with investment projects, banks must develop appropriate environmental management systems through green banking. By using variable interest rates and other strategies, the risks can be absorbed. Additionally, banks have the option to stop funding projects with a high degree of risk. The development of financial services and solutions that promote business growth with environmental advantages is the second facet of green banking. These includes investment in renewable energy projects, biodiversity conservation, energy efficiency, investment in cleaner production process and technologies, bonds and mutual funds meant for environmental investments (Bihari , 2011).

There are a number of ways in which Green Banks differ from traditional banks. Firstly, they place greater emphasis on environmental considerations. Their goal is to promote ethical and sustainable business practices. Secondly, they thoroughly review all relevant information prior to granting a loan, ensuring that the project is both environmentally sound and has long-term implications. Lastly, loans are only granted provided environmental safety regulations are met (Ray, 2008).

As commercial banks expand their operations nationwide, the adoption of green banking practices may be influenced by the performance of bank branches across different regions. Green banks adhere to and implement environmental lending standards, a proactive approach aimed at promoting eco-friendly business practices beneficial for future generations. There are opportunities for banks to incorporate green banking guidelines to foster sustainable and environmentally friendly banking practices in these areas. However, the ease and success of implementing green banking remain uncertain, particularly regarding customer awareness and perceptions. Given that banking involves management, employees, and customers, the effective implementation of green banking hinges on the cooperation of all parties involved. Common challenges in successfully implementing green banking include customer unawareness and negative perceptions.

1.2 Problem Statement

Green banks limit their business dealings to companies that pass their screening process. With a smaller customer base, these banks have less support. Many green banks are startups and typically take 3 to 4 years to become profitable, which doesn't help during economic downturns. They require skilled staff, particularly experienced loan officers familiar with green businesses. Engaging in environmentally damaging projects risks damaging their reputation. Some environmental management systems have saved costs and increased bond values. Lending to businesses affected by pollution costs or regulatory changes poses credit risks. Customer adoption of green banking is slow due to its novelty and costliness. It requires expensive technology and techniques like renewables and recycling. Data protection is also a challenge, requiring employee training. In Nepal, compared to global trends, banks lag behind in adopting green banking practices and sustainability. A green bank is also called ethical bank, environmentally responsible bank, socially responsible bank, or a sustainable bank and also like a normal bank, which considers all the social and environmental or ecological factors with an aim to protect the environment and conserve natural resources" (Kaur, 2014).

Green banking, often known as ethical banking or sustainable banking, is managed by the same authorities but has an extra focus on environmental preservation (Jha & Bhome, 2013). Like any other bank, green banking takes into account ecological, social, and environmental aspects in addition to the natural world in order to preserve the environment and natural resources. It is referred to as a sustainable bank or an ethical bank (Jain, 2013).

Thus, the statements of problem are:

- What are the green banking practices commercial banks in Nepal?
- What is the relationship between green banking and financial performance of commercial banks in Nepal?
- How the green banking practice influence on perceived financial performance of commercial banks in Nepal?

1.3 Objectives of the study

The specific objectives of the study are given below:

i) To identify the green banking practices of commercial banks in Nepal.

ii) To examine the relationship between green banking practices and perceive financial

iii) To analyze the green banking practice influence on perceived financial performance of commercial banks in Nepal.

1.4 Rationale of the study

Through an analysis of various green banking practices, this research helps to identify the green banking practices used by Nepalese commercial banks and how those practices affect the perception of those banks' financial performance. It also helps to determine which green banking practices are more crucial to boosting the banks' financial sustainability. A study's relevance might extend beyond its personal meaning and should encompass the ways in which it benefits or affects others, either partially or completely. It talks about who or what kinds of people could gain from reading the research.

- First, the study is to useful for Nepalese commercial banks in order to see the impacts of Green banking practices in comparison with the perceive financial performance of banking system.
- It helps in understanding what the green is banking and what actions should the banks take in order to benefits from the opportunities and how to overcome the challenges.
- This study can be used for other researcher as a reference who wants to study further in this or related areas or to serve as a reading material for anyone who is interested.
- This research helps to alert bankers from tomorrow’s problems at today in order to get the intended green banking service can be said it is at infant stage in the country.
- It also helps to policy maker of banks related with green banking practices.

1.5 Limitation of the Study

The basic limitation of this study is that it only considers green banking practices and it does not take into consideration what perspective does all bankers employees have on the technology.

- It does not include bank customers who do not use the current green banking which would help to compare the attitude of green banking users and non- users towards green banking practice.

- It is also limited only with six banks employees that started green banking practices but it does not fully cover other banks those, which do not start it.
- Most of the available data of previous research conducted may not explain specific to our country context of the area.

CHAPTER - II

REVIEW OF LITERATURE

This chapter deals with the relevant material and past research studies. It is started with a search of suitable topic and continues throughout similar subjects. Regarding the review of literatures, various books, journals, articles, thesis related with this topic (selected) has been reviewed. Hence, this chapter has contained two sections i.e.theoretical review and empirical review . As per the objective of study, the researcher deals with theoretical aspects of risk and return, portfolio risk and return, build portfolios, the basic requirement of the portfolios formation for investors and soon.

2.1 Theoretical Review

In order to reach the finding, this chapter deals with the theoretical aspects of Green Baking Practices and the perceived financial performance of Nepalese banks and financial institutions within the context of green banking practices is a subject of interest due to the growing awareness of environmental issues and the increasing emphasis on corporate social responsibility.

2.1.1 Green Banking

Green Banking is an approach where banks and financial institutions adopt environmentally friendly practices to promote sustainable development. This involves reducing their carbon footprint by using energy-efficient technologies, minimizing paper usage through digital transactions, and supporting eco-friendly projects through green loans and investments. Green banking also includes offering financial products that encourage environmental responsibility, such as green mortgages and green bonds. By integrating these practices, green banking aims to foster a healthier planet and encourage both individuals and businesses to engage in sustainable activities.

Zhang et al. (2022) found that green banking practices greatly improve banks' environmental performance and sources of green financing also have a big between green banking practices and banks' environmental performance is mediated by green financing. Insufficient customer awareness of green banking, high investment costs, technical barriers, a lack of qualified staff to

appraise green credits and loans, and the complexity and difficulty of evaluating green projects were also noted as major obstacles impeding the growth of green banking in Bangladesh. Regular banking only allows customers to transact business at their physical locations, which limits its accessibility. Customers are inconvenienced when conducting business as a result. When compared to traditional banking, green banking offers a wide range of services that address their shortcomings.

Devkota et al. (2021) discovered that in the context of Nepal, both clients and bankers are less knowledgeable about the idea of green banking practices. With the support of some efficient policy initiatives, banks and governments must raise public awareness of green banking practices.

Mehata and Sharma (2016) state that although Nepalese clients may not fully understand the concept, they do recognize the necessity of "Green Banking" initiatives for long-term sustainability and environmental preservation.

Ahuja (2015) highlights the growing prominence of the "Go Green" ethos in today's environmentally conscious society, extending its application across all facets of business. This shift underscores a departure from a sole focus on profitability to encompassing the well-being of both people and the environment. With heightened environmental awareness, corporations are increasingly expected to integrate sustainable practices into their operations. Green banking emerges as a pivotal element in this movement, aiming to reduce both internal and external carbon footprints by promoting environmentally friendly practices within the banking sector. This includes adopting principles of green lending to mitigate the sector's indirect environmental impact, such as energy use (e.g., lighting, air conditioning) and paper consumption. Lalon (2015) further emphasizes green banking as a critical component of global efforts toward environmental protection and climate sustainability. Green banking encompasses the adoption of eco-friendly practices within financial operations to help businesses minimize their carbon footprint. These practices include transitioning to online banking for account management, bill payments, and other transactions. According to Chinnadurai and Sudhalakshmi (2014), green banking offers benefits not only to customers but also to banks, industries, and the broader economy. It involves banks undertaking environmentally responsible actions to reduce both their internal operational carbon footprint and their impact on external carbon emissions. Similarly, a sustainable bank is

characterized by its consideration of the social and environmental impacts of its investments and loans.

2.1.2 Green Banking Practices

Green banking is a strategic approach embraced by banks and financial institutions to adopt environmentally sustainable practices, thus promoting sustainable development. These practices encompass various measures aimed at reducing environmental impact, including the utilization of energy-efficient technologies to minimize carbon emissions, transitioning to digital transactions to reduce paper usage, and directing investments towards eco-friendly projects through green loans and investments. Studies further demonstrate that green banking practices significantly enhance banks' environmental performance, with green financing playing a crucial role in mediating this relationship (Zhang et al., 2022).

Research indicates that both clients and bankers in Nepal lack comprehensive knowledge of green banking practices, highlighting the need for effective policy initiatives and public awareness campaigns to promote its adoption (Devkota et al., 2021).

In Nepal, there is a growing recognition among customers of the importance of green banking activities for achieving future sustainability and environmental protection, although understanding of the concept remains limited (Mehta & Sharma, 2016)

In today's environmentally conscious society, the concept of "going green" extends to all facets of business operations, including banking. Businesses are increasingly recognizing the importance of not only pursuing profits but also considering the well-being of people and the planet. Consequently, there is a growing emphasis on adopting eco-friendly practices across industries. Green banking emerges as a vital component of this transition, as it focuses on implementing environmentally friendly processes within the banking sector to mitigate both internal and external carbon footprints (Ahuja, 2015). Despite being traditionally viewed as non-polluting, the banking sector indirectly impacts the environment through energy consumption and paper usage. Embracing green banking principles can significantly reduce these environmental footprints.

Additionally, green banking entails offering financial products such as green mortgages and green bonds that incentivize environmentally responsible behavior among individuals and

businesses. By integrating these initiatives, green banking seeks to contribute to a healthier planet while encouraging stakeholders to engage in sustainable activities (Chinnadurai & Sudhalakshmi, 2014).However, challenges such as insufficient customer awareness, high investment costs, and technical barriers hinder the widespread adoption of green banking, underscoring the need for concerted efforts to overcome these obstacles and promote sustainable banking practices.

2.1.3 Green Investment

Climate change poses dual challenges and opportunities for financial sectors in both emerging and advanced economies. Acknowledging the necessity of transitioning toward low-carbon economies is imperative amidst this evolving landscape. Climate risk has become a pivotal consideration in lending decisions, with factors such as energy subsidies, emission regulations, and carbon pricing directly influencing the financial stability of clients. Financial institutions must also grasp the climate risks associated with non-green assets, prompting the development of robust mitigation strategies to safeguard against potential impacts. This proactive approach not only mitigates risks but also positions financial institutions to capitalize on emerging opportunities in a transitioning global economy.

However, amidst these challenges lie significant opportunities for financial institutions to pioneer innovative financing solutions. These solutions span a spectrum of sectors, including advancements in energy efficiency, the expansion of renewable energy production, investments in green building and transportation infrastructure, and the promotion of climate-smart agriculture (IFC, 2016). Leveraging an expanding network of investors, financial institutions can diversify their funding sources and reduce costs by capitalizing on emerging climate-friendly investment opportunities.

A key financial instrument facilitating these investments is the "green bond," which directs proceeds toward funding or refinancing new or existing environmentally sustainable initiatives. These initiatives encompass a wide range of activities, including pollution control, energy efficiency enhancements, sustainable water management, climate change adaptation measures, and the promotion of renewable energy projects. By issuing green bonds, financial institutions can channel capital toward projects that contribute to environmental sustainability while simultaneously meeting investor demand for socially responsible investment opportunities.

2.1.4 Environmental Perspective of Green Banking

Nepal has been slow to recognize the urgency of global warming and its consequential impact on climate change, which directly affects both natural resources and human health. The rise in global warming is often attributed to the unethical practices of businesses, prompting a demand from the general public for every business entity to take responsibility for environmental protection and conservation.

The primary objective of green banking is to mitigate the adverse environmental impact of banking operations through technological and behavioral innovations. Technological innovations include the implementation of online payment systems and digital banking platforms to reduce paper usage and energy consumption. Behavioral management innovations focus on promoting environmentally friendly practices among bank employees, such as waste reduction efforts and energy-saving behaviors. Additionally, green banking involves providing financial support to environmentally friendly projects (Shaumya & Arulrajah, 2016).

The state of the environment in Nepal is rapidly deteriorating, with issues ranging from improper industrial waste disposal to deforestation and loss of biodiversity. In response to these environmental challenges, the financial sector in Nepal has emerged as a key stakeholder in environmental conservation efforts (Mehta & Sharma, 2016). Recognizing the significant environmental footprint of the banking sector, there is a pressing need for banks to take proactive measures to promote environmentally responsible practices, including encouraging sustainable investments and lending, adopting appropriate technologies, and implementing effective management systems (Masukujjaman & Aktar, 2013; Thombre, 2011). This has led to the initiation of the green banking concept within banks and financial institutions.

This growing awareness has led to the emergence of the "going green" concept, whereby businesses are expected to prioritize environmental sustainability. Assessing the environmental performance of businesses involves evaluating indicators such as waste minimization, pollution prevention, recycling efforts, and the efficient use of limited resources (Lober, 1996).

Although Nepal has been slow in adopting the green banking concept compared to other countries, banks and financial institutions are making efforts to increase awareness among customers about the use of environmentally friendly products and services. However, numerous

challenges hinder the adoption of green economy policies in a developing country like Nepal. These challenges include capacity and skill development, technology adaptation, investment requirements, and climate change adaptation. Despite these constraints, green economic policies offer a pathway to achieve sustainable development in Nepal's mountainous regions.

2.1.5 Green Banking Initiatives

Presently, virtually all banking and financial institutions in Nepal are endeavoring to adopt green banking practices by digitizing manual processes, offering online services for balance inquiries, fund transfers, and account management, and investing in environmentally friendly projects. Moreover, they are providing loans at reduced interest rates for green initiatives (Risal & Joshi, 2018).

Governments began to endorse green banking as a means to reduce both external carbon emissions and internal carbon footprints by investing in green technology projects aimed at pollution reduction (Menon et al., 2017). The establishment of the first green bank in Mt. Dora, Florida, United States, marked a significant milestone in the promotion of green banking practices (Jayabal & Soundarya, 2017).

Green banking entails banking activities that prioritize environmental, social, and ecological considerations, aiming to safeguard nature and natural resources (Chowdhury & Dey, 2016). Laxmi Bank became a leader in Nepal when it came to introducing green banking practices, with a primary emphasis on digitalization via internet banking and mobile money services. These programs attempted to reduce wait times at the customer counter, expedite banking procedures, and make financial services more accessible. In order to reduce energy usage, organizations like the Clean Energy Development Bank and Sanima Bank have aggressively encouraged investment in hydropower and solar energy projects (Mehta & Sharma, 2016). The idea of a "green economy" first surfaced in the 1970s, but with the global financial crisis of 2009, it became even more pertinent.

2.1.6 Green Banking Advantages

Moreover, green banking fosters a culture of corporate social responsibility and environmental awareness among businesses, reinforcing ethical standards and promoting sustainable practices (Mishra & Aithal, 2023).

Additionally, online payment services facilitate timely payments, helping customers avoid late fees and penalties (Mishra & Aithal, 2022).

For customers, green banking enhances convenience and security by offering a range of online banking services, including balance inquiries, statement checks, fund transfers, and account management, all accessible from the comfort of their location. This not only streamlines banking processes but also reduces paper waste, contributing to waste reduction efforts (Drennan & Wessel, 2010). Furthermore, transitioning to mobile or electronic banking eliminates the need for multiple trips to physical bank branches, saving customers both time and money on transportation costs (Dhamija & Sahni, 2018).

Green banking initiatives yield intangible benefits for banks, including enhanced goodwill and reputation, increased customer loyalty, positive environmental impacts, and streamlined processes that transcend mere monetary gains (Natarajan & Vijay, 2015).

Green banking practices are instrumental in reducing both internal and external carbon emissions, thereby contributing to environmental protection. Strategies aimed at controlling internal carbon footprints, such as optimizing lighting, air conditioning, electronic equipment usage, and reducing paper consumption, are facilitated through the adoption of renewable energy sources. This approach minimizes deforestation and mitigates environmental pollution (Ko et al., 2012). Moreover, green banking involves directing investments and providing loans to projects and businesses committed to embracing environmentally sustainable practices.

2.1.7 Development of Green Banking

While the concept of a green economy emerged in the 1970s, it gained prominence following the financial crisis of 2009, with governments now endorsing green banking as a means to reduce internal and external carbon footprints through investments in green technology projects (Menon et al., 2017). The establishment of the first green bank in Mt. Dora, Florida, USA, marked a significant milestone in the advancement of green banking practices (Jayabal & Soundarya, 2017).

Green banking involves banking practices that prioritize environmental, social, and ecological considerations to protect nature and natural resources and preserve the environment (Chowdhury & Dey, 2016).

Terms such as "green economy," "green growth," and "low-carbon economy" have emerged in this context, reflecting a shift towards reconfiguring businesses and infrastructure to deliver better returns on natural, human, and economic capital investments while reducing greenhouse gas emissions and resource consumption (Markandya & Mundaca, 2016).

The United Nations Environment Programme defines the green economy as a process aimed at achieving economic growth while simultaneously reducing environmental impact and social disparities. Green banking has gained momentum as banks, as financiers, wield significant influence over funding projects undertaken by various industries. By investing in environmentally responsible projects, green banking can drive growth while ensuring responsible behavior from other businesses (Bihari & Pandey, 2015).

Internationally, there is a growing recognition of the need to transition towards a sustainable economy and society, given the detrimental impacts of economic development on the environment (Ciocoiu, 2011).

2.1.8 Green Human Resource

The trend of adopting green recruitment and selection processes and practices is steadily increasing within the banking sector, particularly in the context of Nepal. While significant steps have been taken by banks in Bangladesh to enhance green HR practices, the adoption rate remains relatively low (Tazul& Islam, 2014). Addressing the issue of repetition in implementing green HR initiatives is crucial to streamline the process and alleviate burdens for all stakeholders involved. To encourage the widespread adoption of green HR practices, it is imperative for the central bank to introduce policy guidelines that mandate the implementation of green HR practices by commercial banks in Nepal.

Furthermore, it is essential for HR leaders and practitioners within Nepalese banks to take proactive steps in initiating and implementing green HR processes within their organizations. Currently, such initiatives are lacking in the banking sector of Nepal. However, the developed green recruitment and selection process model, as evidenced in Bangladesh, can serve as a valuable blueprint for banks and organizations worldwide (Tazul& Islam, 2014). Additionally, the significance of green recruitment and selection processes extends beyond the banking sector and can be studied and applied with equal importance across various industries in Nepal. In

conclusion, the study of green recruitment and selection processes and practices within the banking sector of Bangladesh provides valuable insights that can inform similar initiatives in Nepal. By addressing challenges such as repetition and actively promoting green HR practices, Nepalese banks can contribute to environmental sustainability and set a precedent for green initiatives in the broader business landscape.

2.1.9 Risk Management

Gumbus and Johnson (2014) argue that banks are fundamentally engaged in managing rather than evading risk, as risk serves as a primary driver of financial behavior. They emphasize that risk is an ever-present reality in the financial realm and assert that financial institutions must adeptly navigate this uncertainty to ensure their survival in the dynamic marketplace. They predict that the future landscape of banking will hinge significantly on the efficacy of risk management strategies, suggesting that only those banks equipped with robust risk management frameworks will endure over time.

Within the realm of risk management, Gumbus and Johnson underscore the pivotal role of effectively handling credit risk. They note that credit risk, being inherent to the nature of banking operations, holds particular importance. They highlight its increased significance in recent times, attributing this to global economic liberalization trends, which have also impacted India's financial landscape. They further assert that enhancing credit portfolio diversification can mitigate concentration credit risk, citing empirical evidence of a direct correlation between concentration credit risk profiles and non-performing assets (NPAs) of public sector banks. In conclusion, Gumbus and Johnson stress that a bank's success is contingent upon its ability to assume and aggregate risk within manageable thresholds. Their insights underscore the critical importance of robust risk management practices in ensuring the long-term viability and prosperity of banking institutions.

2.1.10 Green Investment

Climate change poses both risks and opportunities for the financial sector across diverse economies, be they emerging or advanced. Financial institutions must align with the transition towards low-carbon economies to remain relevant. Factors such as energy subsidies, emission standards, and carbon pricing directly influence the financial standing of clients, necessitating the consideration of climate risk in credit decisions. Institutions must also assess and mitigate

climate risks associated with non-green assets. However, there are ample opportunities for financial innovation, including financing for energy efficiency upgrades, renewable energy projects, green infrastructure, and climate-resilient agriculture. A growing investor community seeks environmentally friendly opportunities, offering avenues for diversification and reduced funding costs for financial institutions.

Green Bonds represent a key financial tool, directing proceeds towards green projects such as renewable energy, sustainable transportation, and pollution control. While the term "green finance" lacks a standardized definition, its essence lies in promoting sustainable development by aligning financial activities with environmental goals. In both academic and business spheres, green finance drives the global sustainability agenda, including in nations like Nepal.

Green finance seeks to harmonize economic progress with ecological preservation, supporting initiatives dedicated to environmental conservation. It involves investment decisions that integrate environmental, social, and governance factors to ensure customer satisfaction and societal well-being. In essence, green finance involves funding environmentally friendly projects such as renewable energy, energy efficiency, recycling, waste management, and sustainable industries, all aimed at fostering organizational sustainability.

2.1.11 Green Product and Service

Green Banking represents a forward-looking approach to sustainability and serves as a strategic long-term business model focused on environmental preservation rather than solely profit generation. The study emphasizes the pivotal role of banks in Mauritius in educating their customers about green products and environmentally friendly financing options. Increasing the availability of a broader range of Green Banking products and services is essential for enhancing awareness and improving customer perceptions of green banking practices in Mauritius. Despite initial steps toward implementing green practices, Mauritian banks are still in the nascent stages of adopting green banking principles.

To further advance green banking practices, banks in Mauritius should integrate environmental information into their business operations, credit assessment processes, and investment decisions. It is imperative for not only major banks but also smaller commercial banks to embrace Green Banking initiatives. Analysis of customer responses suggests that advertising for

green banking products such as e-statements, internet banking, and mobile banking had limited influence. However, respondents generally viewed positively the efficiency of green projects and corporate social responsibility initiatives implemented by green banks in Mauritius (Cappelli, 2017).

2.1.12 Green Business Strategy

Green banking strategies primarily revolve around the creation and promotion of eco-friendly products and services, aimed at aligning banks with environmental responsibility and meeting evolving customer demands. This includes a diverse range of green offerings such as automatic payments, electronic statements, and electronic and telephone banking services. Moreover, green banks extend their efforts beyond product offerings to invest in green infrastructure and technology. The rationale behind green infrastructure investments lies in reducing carbon emissions and enhancing operational efficiency, demonstrating a commitment to sustainability and environmental conservation (Cappelli, 2017).

A key aspect of green banking involves the proactive development and promotion of environmentally responsible products and services, reflecting both a commitment to sustainability and a response to changing customer preferences. These offerings, which encompass automated payment systems, electronic statements, and various digital banking channels, not only cater to eco-conscious customers but also contribute to the overall reduction of environmental impact. Additionally, green banks invest in eco-friendly infrastructure and technologies to further mitigate their carbon footprint and improve operational efficiency. This multifaceted approach underscores the importance of integrating environmental considerations into banking practices and reflects a broader commitment to promoting sustainability within the financial sector (Cappelli, 2017).

2.1.13 Conceptual Review of Perceived Financial Performance

Research consistently indicates that psychological well-being is closely intertwined with the various contexts in which individuals live, and it tends to correlate with favorable outcomes. Against the backdrop of challenging circumstances encountered by small and medium-sized enterprise (SME) owners in South Africa, this study aimed to assess their psychological well-being levels and examine how these levels impact the financial performance of their businesses. A structured questionnaire survey was employed to collect relevant data from SME owners

operating within the Eastern Cape province of South Africa. The study utilized criterion and convenience sampling methods, with field workers administering questionnaires. A total of 495 questionnaires were deemed suitable for statistical analysis. The study assessed scale validity and reliability, computed descriptive statistics, and established Pearson's product moment correlations. Additionally, multiple regression analysis was conducted to explore the hypothesized relationships.

The findings revealed that SME owners participating in the study exhibited high levels of positive psychological well-being, concurrent with satisfactory financial performance of their businesses. Moreover, the results indicated a significant association between specific psychological attributes—namely, environmental mastery, self-acceptance, and autonomy—and the financial performance of SMEs. In particular, SMEs tended to fare better financially when their owners displayed higher levels of these attributes. These findings underscore the significance of psychological factors in shaping the well-being and success of SME owners, emphasizing the potential role of psychological resilience and self-perception in driving business performance (SEM, 2018).

A) Economy

The concept of green economies centers on utilizing renewable and sustainable energy sources while aiming to minimize carbon emissions, restore biodiversity, encourage alternative energy adoption, and preserve the environment. According to a United Nations Environment Program report titled "Examples of the Green Economy in Practice," different societies are actively adopting this approach (Investopedia Staff, 2018).

Green growth, closely linked to the green economy, has gained prominence recently, particularly in regions like Asia. The term "growth" emphasizes the priority many countries give to expanding their economies quantitatively to accommodate population growth, achieve developmental goals, and reduce poverty. Institutions such as the World Bank, OECD, Global Green Growth Institute (GGGI), and United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) address green economic issues through the framework of green growth, offering various interpretations of the concept. According to the Organization for Economic Co-operation and Development (OECD, 2011), green growth involves fostering economic development while ensuring that natural resources continue to provide essential goods

and environmental services. This definition highlights that green policies can support rather than hinder economic growth. In contrast, the Green Economy concept places slightly more emphasis on acknowledging finite environmental limits.

B) Efficiency

Efficiency refers to how well a process achieves its objectives, whether it involves organizational operations, market performance, or income management. It encompasses the effectiveness of operations within an organization, the cost-efficiency of market activities, and the balance between income generation and expenditure. Assessing efficiency involves evaluating how effectively banks provide financial services with a given set of resources. This analysis focuses on the bank's capacity to deliver financial services efficiently and technically to economic agents, while also considering the profitability inherent in their operations. However, banks face constraints in maximizing profits, primarily due to regulatory requirements such as minimum reserve holdings and capital adequacy standards. While management can control input costs to a certain extent, factors influencing output often lie beyond their direct influence (Worthington, 1998).

C) Effectiveness

Effectiveness refers to the degree to which objectives are attained and targeted issues are resolved. Unlike efficiency, effectiveness is assessed independently of costs. While efficiency focuses on "doing the thing right," effectiveness pertains to "doing the right thing." In educational contexts, effectiveness is often evaluated through specific reviews or analyses, such as the WASC Educational Effectiveness Review, which assesses the achievement of educational goals or the institution's ability to meet specific requirements. Unlike efficiency, which is determined by the volume of output or input utilized, effectiveness focuses on the outcome of these processes.

As a fundamental measure of program or institutional success, establishing indicators, gathering meaningful information, and providing evidence that best reflects institutional effectiveness in terms of student learning and academic accomplishments are essential. Engaging in the assessment of educational effectiveness not only enhances quality assurance and accreditation reviews but also fosters a culture of evidence within the institution. This value-added process

involves collecting and analyzing data to ensure that educational objectives are met, contributing to the institution's overall improvement and accountability (Vlasceanu, 2004).

2.1.14 Green Banking in Nepal

In Nepal, there is a growing consensus among the population about the importance of "Green Banking" initiatives for both environmental conservation and sustainable future development, despite a general lack of understanding of the concept. While the country's banks have been slow to actively promote such projects and are trailing behind global trends, some progress is evident. Notably, Nepal Rastra Bank, the nation's central bank, has yet to formulate any specific policies or plans related to "Green Banking." Nevertheless, numerous banks in Nepal have initiated efforts to support green banking initiatives by embracing the "Go Green" concept, offering services like "Green Savings Accounts," where a tree is planted for each new account opened.

Many banks in Nepal are actively promoting "Green Banking" through various measures, including the adoption of paperless banking practices. Computerized branches are transitioning to electronic reporting and correspondence, while clients are encouraged to utilize e-banking services such as mobile banking, online banking, and ATM usage. Moreover, energy conservation measures are being implemented, with some banks utilizing compact fluorescent lighting (CFL) and conducting energy audits to ensure efficient energy usage. Additionally, initiatives such as lending to eco-friendly projects, including solar energy, hydro power, and bio gas projects, have gained momentum among banks like Standard Chartered Bank, Laxmi Bank, Civil Bank, and Nepal Investment Bank, with Laxmi Bank pioneering the "Go Green" concept in Nepal. Collaborative efforts between banks and organizations like Lumbini Development Trust and support for projects like the "Clean Bagmati" initiative further underscore the commitment of Nepalese banks to environmental preservation and sustainable development.

2.1.15 Current Development of Green Financing in Nepal

The "Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions (ESRM)" introduced by the NRB in 2018 have played a pivotal role in propelling Nepal's regulatory-driven advancement of green finance, alongside existing sustainability policies and frameworks. Embedded within the Nepal ESRM Guideline are sector-specific catalogues of permissions and licenses, along with comprehensive checklists tailored for both general and sector-specific assessments of Environmental and Social (E&S) risks. Moreover, the

ESRM package encompasses all necessary materials, templates, and tools essential for facilitating the deployment of ESRM practices within banks. Nepal has collaborated with the Sustainable Banking Network (SBN), an entity dedicated to fostering and monitoring the expansion of green banking in emerging economies, to adopt the principles outlined in the ESRM. Over the years, the NRB has mandated Banks and Financial Institutions (BFIs) to evaluate the environmental ramifications of projects through Environmental Impact Assessments (EIAs). Additionally, commercial banks have been tasked with allocating a specific percentage of their total lending to priority sectors, as directed by the NRB. By 2023, commercial banks are required to allocate a minimum of 15% of their lending to the agriculture sector, 10% to the energy sector, and 15% to Small and Medium-sized Enterprises (SMEs). Moreover, sectors such as agriculture, energy, tourism, and SMEs are mandated to receive at least 20% and 15% of credit from Class B and Class C BFIs, respectively. The issuance of Energy Bonds by BFIs has been permitted under monetary policy, serving as another supportive measure for green financing in Nepal. Additionally, BFIs are encouraged to extend credit to hydropower projects involved in power export at base rate plus up to one percentage point for a period of up to five years. Furthermore, BFIs have the authority to utilize "External Commercial Borrowing" (ECB) for investment in the energy and other productive sectors, while reservoir-based hydropower projects are entitled to credit facilities at base rate plus one percentage point. As per NRB directives, BFIs are required to allocate a minimum of 5% of their entire loan portfolio to the underserved sector, which includes lending for renewable energy projects. To promote renewable energy projects facilitated through Public and Public-Private Partnerships (PPPs), and endorsed by various institutions like User Committees and Cooperatives, loans are extended up to specified limits outlined by the NRB. These projects encompass a range of industries including Gasifier Technology, Micro and Small Hydroelectricity Projects, Solar Mini Grids, Institutional Bio-gas Plants, Wind and Solar Wind Energy Mixed Systems. Additionally, BFIs are empowered to finance individual borrowers' vehicle loans up to 50% of the tax invoice, while electric vehicles may be financed up to 80% of the tax invoice, reflecting a targeted provision intended to bolster green financing efforts.

2.1.16 Implementation of Green Banking by Commercial Banks

It's impressive to see the concerted effort within the Nepali banking sector towards embracing green banking principles. Laxmi Bank's pioneering steps, followed by others like Clean Energy Development Bank and Sanima Bank, underscore a growing awareness of the importance of sustainable finance in mitigating environmental impact. The initiatives such as Eco-Loans, Green Double Fixed Deposit, and Green Fixed Deposits by Nepal Investment Bank and NMB Bank reflect a commitment to channeling funds into environmentally friendly projects.

The historical context, such as Ace Development Bank's early involvement in carbon credit purchases, highlights a longstanding interest in sustainability within the financial sector. The government's encouragement of clean energy investment aligns with global efforts to combat climate change. The statistics on the proliferation of digital banking services like ATMs, online banking, and mobile banking indicate a shift towards convenience and accessibility while potentially reducing the carbon footprint associated with traditional brick-and-mortar banking.

The emphasis on green bonds and microfinance institutions' involvement in green financing further diversifies the avenues for sustainable investment. The Development Bankers Association of Nepal's push for universal standards reflects a commitment to ensuring consistency and accountability in green finance practices. Overall, the comprehensive adoption of green banking principles by Nepali financial institutions, from large banks to microfinance institutions, demonstrates a significant stride towards aligning banking operations with environmental sustainability goals.

2.2 Empirical Review

Review of related thesis is an essential part of all studies. It is way to discover how previous researchers are done in the area of these problems. Previous studies are very helpful to find out the real present situations. The purpose of literature review is thus to find out what research studies have been made or conduct in one has chosen field of the study and what remains to be done.

2.2.1 Empirical Review of Journals and Articles

The majority of previous studies in this field are based on Green Banking Practices as tools to investigate issues in portfolio. These studies are mostly carried out in developed countries.

Ebimobowei, Felix, and Odinakachi (2024) conducted a study titled "Green Banking Practices and Banks' Environmental Performance of Listed Deposit Money Banks in Nigeria," which examines how green banking practices influence the environmental performance of listed deposit money banks in Nigeria. The study used the theory of reasoned action and employed a cross-sectional survey design among listed banks in Nigeria. Data was collected via questionnaires from 750 bank employees, with analysis focused on a sample of 500 respondents using various statistical methods. Results from regression analysis indicate that employee-related and daily operations-related green banking practices positively influence environmental performance, whereas customer-related practices have a negative impact. Policy-related practices show a positive influence, while green investment-related practices had an insignificant impact on environmental performance.

Bashya (2024) has conduct research on topic green banking practices on performance of Nepalese commercial banks. The present study is aimed at measuring the impact of green banking practices on performance of Nepalese commercial banks, particular focus on commercial banks operating in Rupandehi District. In order to achieve this aim, a sample of 285 respondents was chosen, and data was collected through questionnaire employing 5-point Likert scale. The Cronbach's Alpha has been used to analyze the reliability of instruments and data. To assess bank performance, five dimensions were considered namely green investment, green product and services, green development policy and strategy, green banking awareness and NRB regulations. Indicators such as efficiency, effectiveness, and market share and growth were used to measure bank performance. The findings reveal significant relationships between green investment, green products and services, green development policy and strategy, as well as green banking awareness, with efficiency, effectiveness, and market share and growth. Moreover, NRB regulations showed a significant relationship with effectiveness but an insignificant relationship with efficiency and market share and growth. These results underscore the importance of incorporating environmental sustainability practices into banking operations to enhance overall performance. The study provides valuable insights for both academia and the banking industry, emphasizing the need for a green approach to banking for long-term success and environmental conservation.

Mahira, Susilawati, and Suryaningsih (2023) conducted research on the effect of Green Banking on financial performance, focusing on the banking sector listed on IDX-IC stock from 2018 to 2021. They explored the challenges and development of green banking practices, assessing how these practices influence financial performance directly. The study found that ATM and Internet Banking services had a positive and significant impact on financial performance, while Mobile Banking had a positive but insignificant effect during the specified period.

Wongso, Helsa, and Panggabean (2023) published a study examining the implementation of Green Banking and intellectual capital (IC) on bank profitability in Indonesia. They utilized a quantitative approach and panel data regression analysis, focusing on return on assets (ROA) as a measure of profitability. Their findings showed that e-channel transactions significantly influenced ROA, albeit negatively. Human capital efficiency and capital employed efficiency positively affected ROA, whereas structural capital efficiency (SCE) and relational capital efficiency (RCE) did not show significant impacts on ROA. The study sampled 14 banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2012 to 2021, totaling 107 observations from annual and sustainability reports.

Mirsha (2023) conducted research on the adaptation of green banking practices in commercial banks in Nepal. The study aimed to assess the current state of green banking practices and identify factors influencing their adoption. Using SPSS software for data analysis, the study found that Brand Image was perceived as the most influential factor affecting the adoption of green banking practices, followed by Financial Benefits, Regulatory Policies, Environmental Interest, and Stakeholder's Demand. The study also indicated that respondents agreed on the influence of these factors on the adoption of green banking practices.

Akhter, Yasmin, and Faria (2021) published a research paper on green banking practices and their implications on the financial performance of commercial banks in Bangladesh. The study analyzed annual reports from 2016 to 2018 of commercial banks listed on the Dhaka Stock Exchange. It found that a majority of banks had implemented more than 60% of the green banking policy guidelines mandated by the central bank. However, certain practices such as periodic reporting, client education programs, and creation of climate risk funds were not widely adopted. The study's correlation and regression analyses showed that green banking practices

positively influenced financial performance metrics such as Return on Assets (ROA), Return on Equity (ROE), and Return on Investment (ROI).

Chandran and Sathiyabama (2020) conducted research on the perception of green banking practices in selected commercial banks in Kerala. Their study aimed to assess the current scenario, awareness among users, methods of adoption, customer perceptions, preferences, and areas for improvement regarding green banking practices. They utilized both primary and secondary data, employing a non-probability convenience sampling method. The findings revealed that a majority of customers viewed green banking as essential in the present scenario, with over 70% using ATM and mobile banking services as green banking products. Awareness of green banking practices was widespread among customers, primarily through bank websites and word-of-mouth, while traditional advertising methods like print and radio were perceived as less effective.

Risal and Joshi (2020) analyzed the impact of green banking practices on the environmental performance of banks in Kathmandu Valley, Nepal. Their study employed a causal relational research design and utilized simple and stepwise multiple regression analysis to explore the relationship. They conducted cross-sectional qualitative research with descriptive outcomes, ensuring reliability through measures like Chronbach's Alpha. The study sampled 189 respondents from banks using convenience sampling and analyzed data using SPSS software. Results indicated that energy-efficient equipment and green policies significantly influenced banks' environmental performance, while green loans, green projects, and environmental training had varying degrees of impact. The findings underscored the importance of banks and government in promoting environmentally sustainable technologies to enhance reputation and customer awareness.

2.2.2 Empirical Review of Previous Thesis Studies

There are hardly master`s thesis prepared by some researcher on the topic of Green Banking Practices theory in the past year. Some of these are reviewed here for analysis of literature.

Bohara (2018) conducted a thesis on Green Banking Practices and Perceived Financial Performance of Nepalese Commercial Banks in Kathmandu District. The study aimed to assess the benefits of Green Banking and the awareness and perception of customers and bank

employees regarding Green Banking in Kathmandu, Nepal. The research focused on six banks: GBIME, NIC, Nabil, NMB, NBL, and RBB, with a sample of 100 employees selected to gauge awareness and perception. Primary data was collected through questionnaires, complemented by secondary data from books and journals. Qualitative and quantitative data analysis techniques were applied, revealing that while most bank employees were aware of Green Banking services and products, customers showed less awareness and expressed concerns about security and privacy issues when using these services.

Biswakarma (2017) conducted a study on sustainability and green banking practices in Nepalese banks, employing a structural equation modeling (SEM) approach. The research involved 350 employees, of which 309 questionnaires were analyzed. The study aimed to explore the integration of sustainability principles into banking operations and understand how green banking practices are strategically implemented in Nepal. By using a comprehensive questionnaire, the research gathered insights into various dimensions related to sustainability and green banking initiatives within the banking sector.

Ragupathi (2015) discussed strategies for adopting green banking practices to reduce the environmental impact of banking activities. The author emphasized practices such as using online banking instead of branch banking, paying bills online, and preferring local banks that support green initiatives. Ragupathi concluded that Green Banking is mutually beneficial for banks, industries, and the economy by promoting environmental sustainability and potentially enhancing banks' asset quality over time. Sharma's (2014) study on customer awareness of Green Banking initiatives in Mumbai's public and private sector banks revealed limited familiarity among respondents with various green practices such as press communications, environmental policies, energy-saving concessions, solar ATMs, and Green CDs. Meanwhile, the Reserve Bank of India (RBI), through its Green Coin Ratings introduced in 2014, aims to enhance environmental sustainability within Indian banks. These ratings assess banks on criteria including carbon emissions from operations and the utilization of recycled materials in infrastructure and IT systems like servers, computers, printers, and networks. This regulatory framework underscores the RBI's commitment to promoting eco-friendly banking practices and reducing environmental impact across the banking sector.

2.3 Research Gap

The review of existing literature has significantly contributed to enhancing the foundational understanding necessary for this study's purpose and relevance. Previous researchers have extensively analyzed aspects such as lending practices, inventory management, financial performance, and cash management in various commercial banks, often utilizing different ratio analyses. However, past studies focusing on financial performance measurement in banks have primarily centered on conventional ratios, which may not fully address the multifaceted challenges they face. Actual perceptions of financial performance are influenced by diverse factors. This research systematically examines and synthesizes various green banking practices. Prior studies have not sufficiently investigated the current status of green banking practices and their impact on the perceived financial performance of commercial banks specifically in Nepal. This study evaluates commercial banks' financial performance using a range of financial and non-financial variables, employing trend analysis and various statistical tools. While the data is derived from a single fiscal year, it is current and factual. The study seeks to define perceived financial performance through the application and analysis of financial tools such as correlation coefficients and trend analysis. It represents a pertinent research effort in the realm of bank and financial institution performance. While international research has extensively covered green banking practices as drivers of bank sustainability in countries like India, Bangladesh, China, and Western nations, very few studies have focused on the alignment of banking sustainability with green banking practices specifically in Nepal. This research area is gaining prominence globally in organizational management. Hence, identifying this gap in current literature, this study aims to investigate the relationship and impact of green banking practices on banks in Nepal, filling a crucial void in research on this topic.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter deals with overall research process to meet the research objectives. Research Methodology describes the methods, Processes, tools and techniques used in the analysis the data, testing the hypothesis, arriving at generalization and preparation of the report.

3.1 Research Design

This research design aims to evaluate green banking practices in selected commercial banks in Nepal. The research design serves as a comprehensive framework outlining the activities to be carried out during the study. It guides the data collection process, data analysis methods, selection of research instruments, and the sampling strategy. The study specifically focuses on Green Finance in several BFIs including Global IME Bank, NIC Asia Bank, Nepal Bank, NMB Bank, RBB Bank, and NABIL Bank.

The research employs both descriptive and causal-comparative research designs to test the methodology. Primary data collection forms the core of the study, gathered through a questionnaire administered to employees of the selected banks. The questionnaire was designed to be straightforward and accessible to employees at all levels, concentrating exclusively on employees within the specified banks.

3.2 Population and Sample, and Sampling Design

The study's population includes employees from both officer levels (such as Managers, Assistant Managers, and Chief Executives) and assistant levels (including Senior Assistants, Supervisors, and Junior Assistants) working in six banks operating within the Kathmandu Valley. This encompasses employees stationed at both corporate headquarters and branch offices of these banks. As of the latest update, there are currently twenty commercial banks in Nepal (as of March 17, 2081 Nepali calendar). For this research, two domestic banks (Global IME Bank, NIC Asia Bank), two joint venture banks (NABIL Bank, NMB Bank), and two public banks (RBB Bank, Nepal Bank) have been selected based on their branch distribution for inclusion in the study. These banks were chosen due to their similar operational characteristics, providing a

representative sample for the research. For small population of known size, it uses Cochran's equation together with a population correction to calculate sample size

$$n=\frac{no}{1+\frac{(no-1)}{N}}=6$$

Where,

$$n0=\frac{z^2.p.(1-p)}{e^2}$$

e: desired level of precision, the margin of error is 0.02

p: the fraction of the population (as percentage) that displays the attribute is 0.2

z: the z-value, extracted from a z table[62]

From the z-tables, the value for z is 1.28 for 80% confidence level

N: Population size

3.3 Nature and Sources of Data and the Instruments of Data Collection

To carry out the research primary data have been used on this study.

Primary Data

The primary data are those that are collected a fresh and for the first time and thus happen to be original in character. Primary data has been collected through interview method and questionnaire distributed and collected from the respondents.

In this study, data collection involved administering a structured questionnaire to employees of six selected banks in Kathmandu Valley, following permission from respective Branch Managers and the Head of Department. The researcher personally visited each bank, explained the research objectives, and distributed the questionnaires, both individually and in group settings. Prior to distribution, the questionnaire underwent rigorous review by research supervisors and experienced professionals to ensure clarity and relevance. Feedback from experts helped refine the questionnaire, enhancing its comprehensibility and reducing potential misinterpretations. Data collection spanned several days, allowing respondents flexibility in completing the questionnaire either immediately or within a designated timeframe. This approach aimed to

gather comprehensive insights into perceptions and practices related to green banking among employees across diverse roles and banks in Nepal.

3.4 Methods of Analysis

The collected data underwent quantitative analysis using various statistical methods. Descriptive analysis techniques such as frequencies and percentages were employed to summarize the quantitative data, presented in tabular format. The data from the questionnaires were coded and entered into Statistical Package for Social Science (SPSS Version 20.0) for systematic analysis. SPSS facilitated calculations of standard deviations, correlations, and frequency distributions for both independent and dependent variables using regression models. Key descriptive statistics such as mean, percentage, and standard deviation were utilized to provide a clear overview of the data, highlighting measures of central tendency to describe the distribution of variables in the study. These analytical approaches were crucial in examining the relationships and patterns within the data collected from employees of the six selected banks in Kathmandu Valley, offering valuable insights into perceptions and practices related to green banking.

3.4.1 Data Analysis Tools and Techniques

The collected data underwent comprehensive statistical analysis using Statistical Package for Social Science (SPSS). Descriptive statistics were employed to analyze key measures including mean, maximum, minimum, and standard deviation. The mean was utilized to assess respondents' agreement or disagreement with statements related to corporate culture and organizational performance, with values indicating agreement if above the calculated middle point (averaged from maximum and minimum), disagreement if below, and neutrality if equal. Standard deviation measured the variability of sample means from population means.

Correlation analysis involved calculating Pearson correlation coefficients to test hypotheses, particularly examining the relationship between corporate culture and organizational performance through regression analysis. Inferential statistics, including analysis of variance (ANOVA) and t-tests, were applied to explore differences in organizational performance across demographic variables such as age, gender, education level, and length of employment. ANOVA also assessed the goodness of fit for regression models.

Cronbach's Alpha was computed to evaluate the internal consistency of items in the questionnaire designed to measure corporate culture and organizational performance, ensuring data reliability. This statistical approach provided a robust framework for interpreting the relationships and nuances within the data collected from respondents, contributing valuable insights into the study of green banking practices in commercial banks.

The formulas are as follows:

A) Average /Mean

Average, in general, is calculated by adding all the numbers of all observations and dividing by the total number of observations. It is in fact, a value, which is represented to stand for whole group of which it is a part, as typical of all the values in the group.

B) Standard Deviation

The standard deviation (σ) is the other measure of investment risk. It is absolute measures of dispersion. The smaller the standard deviation the lower will be the degree of risk of the stock. In other words, a small standard deviation means a high degree of uniformity of the observations as well as homogeneity of a series and vice versa. The formula for calculating the standard deviation is:

$$\text{Standard deviation } (\sigma) = \sqrt{\frac{1}{n}\sum(X - \bar{X})^2}$$

C) Coefficient of Variation

The coefficient variation (CV) is the other useful measure of risk. It is the standard deviation divided by the expected return, which measures risk per unit of return. It provides a more meaningful basis for comparison when the expected returns on two alternatives are not the same. If investors believe that the rate of return should increase as the risk increase, then the coefficient of variation provides a quick summary of the relative trade-off between expected return and risk. It is hence used to compare the variability between two or more series.

$$\text{Coefficient of Variation (CV)} = \frac{\sigma}{\bar{X}} \times 100$$

D) Karl Pearson's Coefficient of Correlation

"Karl Pearson's Coefficient of Correlation is a statistical tool for measuring the intensity or magnitude of linear relationship between the two variables series. Karl Pearson's measure, known as Pearson Correlation Coefficient between two variables (Series) X and Y, usually denoted by 'r(X, Y)' or 'rxy' or simply 'r' can be obtained as;

$$r = \frac{n\sum XY - \sum X \sum y}{\sqrt{\{n\sum X^2 - (X^2)\} * \{n\sum Y^2 - (Y)^2\}}}$$

Where, n : Number of observations in series X and Y

$\sum X$: Sum of observations in series X

$\sum Y$: Sum of observations in series Y

$\sum X^2$: Sum of squared observations in series X

$\sum Y^2$: Sum of squared observations in series Y

$\sum XY$: Sum of product of observations in series X and Y

The value of correlation coefficient 'r' lies between -1 to 1, i.e. $-1 \leq r \leq 1$. If r = 1, there is perfect positive relationship. If r = -1, there is perfect negative relationship. If r = 0, there is no correlation at all The closer the value of 'r' is 1 or -1, the closer the relationship between the variables and the closer 'r' is to 0, the less close relationship

E) Coefficient of Determination

"The coefficient of determination between the two variable series is a measure of linear relationship between them and indicates the amount of one variable which is associated with or accounted for another variable. It gives the percentage variation in the dependent variable that is accounted for by the independent variable. Moreover, it gives the ratio of the explained variance to the total variance and it is given by square of the correlation coefficient, i.e."r^2"*(Gupta; 1999).*

Thus, $R^2 = \frac{Explained\ Variance}{Total\ Variance}$

3.4.2 Instrumentation of Data Collection

The primary data for this study was collected using structured research questionnaires designed with multiple-choice, single-response, and Likert scale items, all self-administered by respondents. The questionnaire was meticulously crafted to investigate various factors

influencing the retention process, ensuring clarity and relevance of questions as suggested by Micheal (2008) and Ghauri & Gronhaug (2005). Questions were closed-ended to maintain uniformity and simplify coding, data processing, and interpretation. Each respondent answered the same set of predetermined questions, enhancing consistency in data collection and analysis. The use of 5-point Likert scales, ranging from 1 (strongly agree) to 5 (strongly disagree), aimed to provide a clear spectrum of responses while minimizing response time and potential bias. Overall, the structured questionnaire format facilitated efficient data collection and yielded insights into the variables affecting retention processes in the study context.

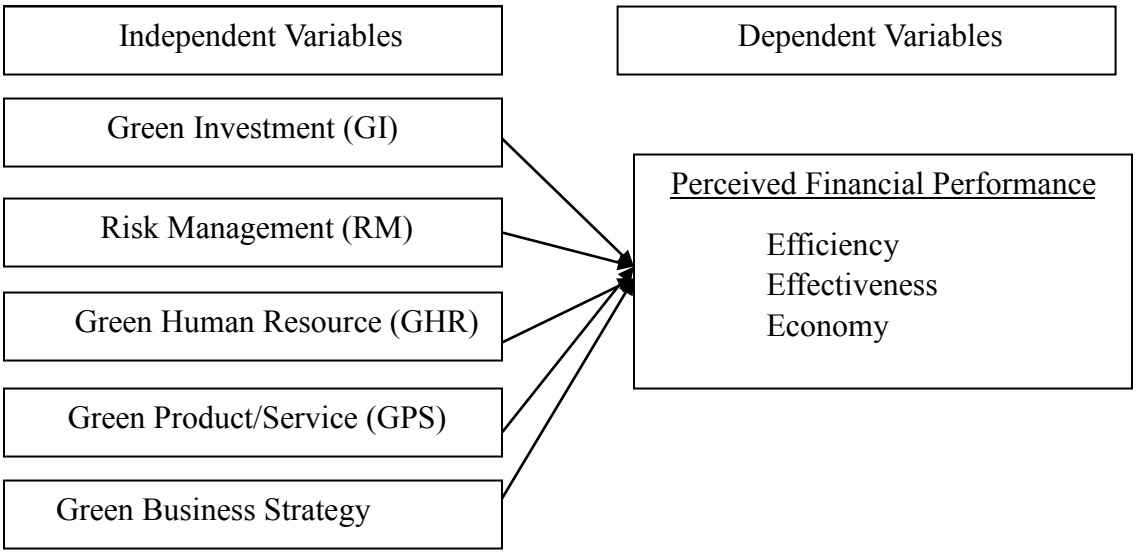
3.4.3 Reliability and validity

To enhance the accuracy of responses, ensuring the validity and reliability of the research tools was crucial. The researcher constructed the questionnaire based on a solid conceptual framework and validated it through consultation with relevant literature. Validity was ensured by aligning the questionnaire with established theoretical concepts and prior research findings. Meanwhile, reliability, which refers to the consistency and stability of measurement, was assessed to minimize errors and ensure dependable results. Using Statistical Package for Social Sciences (SPSS) version 20.0, data obtained were analyzed with a significance level set at 0.05, employing statistical techniques to evaluate the reliability of the questionnaire items. This rigorous approach aimed to strengthen the research instruments and uphold the credibility of the study's findings.

3.8 Research Framework and Definition of Variables

A Research framework specifies which key variables influence a phenomenon of interest and highlights the need to examine how those key variables might differ and under what circumstance. The theoretical framework is the structure that can hold or support a theory of a research study. The theoretical framework introduces and describes the theory that explains why the research problem under study exists.

Figure 1 : Research Framework



Source: Research Framework Developed by Researcher(2022)

- There is positive relationship between Green investment and Effective, Effectiveness and Economy.
- There is positive relationship between Risk Management and Effective, Effectiveness and Economy.
- There is positive relationship between Green Human Recourses and Effective, Effectiveness and Economy.
- There is positive relationship between Green Product/ Service and Effective, Effectiveness and Economy.
- There is positive relationship between Green Business Strategy and Effective, Effectiveness and Economy.

CHAPTER - IV

RESULTS AND DISCUSSION

This chapter provides a detailed discussion of research results aligned with the objectives set forth in Chapter One and addresses the research questions. The primary aim of this study was to investigate the correlation between green banking practices and the perceived financial performance of commercial banks. It focuses on analyzing and interpreting data collected from three hundred employees across commercial banks in Kathmandu district. The data, sourced from various channels, was analyzed and interpreted across five dimensions: green investment (GI), risk management (RM), green human resource management (GHR), green products and services (GPS), and green business strategies (GBS). The chapter details the analysis of data obtained through a questionnaire, which consisted of closed-ended questions presented in the appendix. These questions assessed the impact of green banking practices on the five dimensions using a 5-point Likert scale ranging from Strongly agree to Strongly disagree. Analysis was conducted using Statistical Package for Social Sciences (SPSS) version 20.0, with results presented in tables that begin by outlining demographic variables such as job position, gender, age, academic qualifications, and work experience. The subsequent sections of the chapter interpret findings related to the formulated research questions, offering insights into how green banking practices influence different aspects of perceived financial performance among employees of commercial banks in Kathmandu.

4.1 Response Rate

According to Avishag Gordon, Technician, Israel Institute of Technology, 50% and up is the acceptable response rate in the social science surveys. Global IME Bank, NIC Asia bank, Nepal bank, NMB bank, RBB bank and NABIL banks.

Table 1 : *Response Rate*

S.N	Bank	Total Questionnaire Distribution	Response Rate
1	Nepal Bank Ltd.	20	16.4
2	Global IME Bank	12	9.84
2	NIC ASIA	10	8.2
3	NMB	16	13.12
4	RBB	24	19.68
5	NABIL Bank Ltd.	18	14.76
	Total	100	82
		100%	82.00%

Source: Results of SPSS

The table provides insights into the response rates of Nepalese banks and financial institutions regarding a thesis questionnaire on "Green Finance in BFIs." It includes data from six major banks: Nepal Bank Ltd., Global IME Bank, NIC ASIA, NMB, RBB, and NABIL Bank Ltd. Each bank's engagement with the questionnaire varies, reflecting their approach to sustainable banking practices and how these practices are perceived in terms of financial performance. Nepal Bank Ltd. shows a strong response rate of 16.4%, suggesting a positive reception or active involvement in green banking initiatives. Conversely, NMB exhibits a lower response rate at 13.12%, indicating potential challenges or lesser emphasis on sustainability practices compared to others. RBB stands out with the highest response rate of 19.68%, possibly indicating robust implementation and communication of green initiatives. Overall, the total response rate of 82.00% across all institutions underscores a significant interest and engagement in the relationship between green banking practices and financial performance within the Nepalese banking sector.

4.2 Demographic Characteristics of Respondents

The study collected information on demographic characteristics. Detailed results on each of the demographic characteristics are presented.

Table 2: *Job Position of the respondents*

	Frequency	Percent
Manager	48	48.0
Assistant manager	10	10.0
Officer	22	22.0
Assistant	20	20.0
Total	100	100.0

Source: Results of SPSS

The table provides a distribution of job titles within the context of a thesis questionnaire focused on "Green Finance in BFIs." It categorizes respondents based on their roles within these organizations. Managers, comprising 48.0% of the sample, hold pivotal roles that likely influence strategic decisions regarding sustainability initiatives and financial performance. Assistant managers, representing 10.0%, and officers, at 22.0%, also play significant roles in implementing and overseeing green banking practices. Assistants, accounting for 20%, contribute to operational aspects and may impact the execution of sustainability policies within their respective roles. This distribution suggests a balanced representation across different organizational levels, reflecting perspectives from key decision-makers to operational staff regarding the integration and perceived impact of green banking practices on financial performance in Nepalese banks and financial institutions.

4.3Gender of the Respondents

Table 2 : *Gender of the Respondents*

	Frequency	Percent
Male	44	44
Female	56	56
Total	100	100.0

Source: Results of SPSS

It categorizes respondents based on gender, indicating a distribution of 44% male and 56% female among a total sample size of 100 individuals. This breakdown highlights a relatively balanced representation of gender within the surveyed population, providing insights into how both men and women perceive and engage with green banking practices. Such diversity in

gender representation is crucial for understanding how sustainable banking initiatives are perceived and implemented across different segments of the Nepalese banking sector. It suggests that both male and female perspectives are integral to shaping strategies and policies related to sustainability, potentially influencing the overall financial performance and societal impact of these institutions.

4.4Age of the Respondents

Table 3 : *Age of the Respondents*

	Frequency	Percent
Less 20 years	17	17
20-30 Years	71	71
30-45 years	12	12
Total	100	100.0

Source: Results of SPSS

The table outlines demographic information from age groups. It reveals that the majority of respondents, 71.0%, fall within the age range of 20-30 years, indicating a significant representation of younger individuals in the survey sample. This demographic skew towards younger respondents suggests that the views and perceptions of this age group regarding green banking practices are crucial for understanding current and future trends in sustainable finance within Nepalese financial institutions. Additionally, 17% of respondents are less than 20 years old, highlighting a notable presence of early career entrants who may have emerging perspectives on sustainability and financial performance in banking. The smallest segment, 12%, comprises individuals aged 30-45 years, representing a potentially influential cohort of mid-career professionals who may provide insights into the integration of green banking practices into established financial strategies. Overall, this age-based analysis offers valuable insights into how different generational perspectives may shape the adoption and impact of sustainable practices in Nepalese banking institutions.

4.5 Academic Qualification of respondent

Table 4 : *Qualification of the Respondents*

	Frequency	Percent
PHD Level	3	3
M. Phil Level	5	5
Master	55	55
Below Master	37	37
Total	100	100.0

Source: Results of SPSS

It categorizes respondents into four groups based on their highest level of education completed. The majority of respondents, comprising 55%, hold Master's degrees, indicating a significant portion of the sample has advanced education that likely informs their perspectives on sustainable banking practices and financial performance. Additionally, 37.00% of respondents have educational levels below a Master's degree, reflecting a diverse educational background that may influence perceptions and understanding of sustainability initiatives within the banking sector. Moreover, the data shows that 5.00% of respondents have completed an M. Phil level of education, while 3% have achieved a PhD level. These smaller but notable percentages represent individuals with higher academic qualifications, potentially offering specialized knowledge and insights into the theoretical and practical aspects of green banking practices and their implications for financial performance in Nepalese banks and financial institutions. Overall, the educational breakdown highlights the diverse perspectives and expertise among respondents, emphasizing the importance of considering varied educational backgrounds when analyzing the integration and perceived impacts of sustainable banking practices within the Nepalese financial landscape.

4.6 Working Experience of respondents

Table 5 : *Working Experience of the Respondents*

	Frequency	Percent
Less than 1 Year	19	19
1 to 3 years	42	42
3 to 5 years	19	19
above 5 years	20	20
Total	100	100

Source: Results of SPSS

According to the table, the majority of respondents, 42.0%, have been employed for 1 to 3 years, indicating a significant presence of relatively newer entrants into the banking sector. This group may bring fresh perspectives on sustainability practices and their integration into financial performance strategies. Additionally, 19% of respondents have been employed for less than 1 year, suggesting a notable presence of recent hires who may offer insights into emerging trends and practices in green banking initiatives. Furthermore, 19.0% of respondents have been employed for 3 to 5 years, while 20% have been employed for over 5 years. These groups represent more experienced individuals within the banking sector, likely contributing nuanced perspectives on the evolution and effectiveness of sustainable banking practices over longer periods. Their insights could shed light on how institutional strategies towards sustainability have evolved and impacted financial performance metrics within Nepalese banks and financial institutions. Overall, the tenure distribution underscores the importance of considering varying levels of experience when assessing the adoption and perceived impacts of green banking practices in Nepal's financial sector, highlighting a spectrum of perspectives from newcomers to seasoned professionals.

4.7 Reliability Analysis

Table 6 : *Reliability Analysis*

Constructs	Items	Cronbach's Alpha
Green Investment (GI)	Q9	0.898
	Q10	
	Q11	
	Q12	
	Q13	
Risk management (RM)	Q14	0.811
	Q15	
	Q16	
	Q17	
	Q18	
Green HRM (GHR)	Q19	0.801
	Q20	
	Q21	
	Q22	
	Q23	
Green Product and Services (GPS)	Q24	0.732
	Q25	
	Q26	
	Q27	
	Q28	
Green Business Strategy (GBS)	Q29	0.720
	Q30	
	Q31	
	Q32	
	Q33	
Efficiency	Q34	
	Q35	
	Q36	0.593
	Q37	
Effectiveness	Q38	
	Q39	
	Q40	0.627
	Q41	
	Q42	
Economy	Q43	
	Q44	
	Q45	
	Q46	0.595
	Q47	
	Q48	
	Q49	
Overall	Q9 - Q49	0.885

Source: Results of SPSS

The table provides reliability coefficients (Cronbach's alpha) indicate the internal consistency or reliability of scales used to measure each construct within questionnaire.

Firstly, the construct "Green Investment (GI)" shows a high reliability with a Cronbach's alpha of 0.898, indicating that the items within this construct (Q9-Q13) are strongly correlated and consistently measure respondents' perceptions or behaviors related to green investments in banking practices. Similarly, "Risk Management (RM)" (Q14-Q18) and "Green HRM (GHR)" (Q19-Q23) also demonstrate good reliability with Cronbach's alphas of 0.811 and 0.801, respectively. These constructs likely assess how effectively banks manage environmental risks and integrate green human resource management practices, showcasing their internal coherence in measurement.

The constructs "Green Product and Services (GPS)" (Q24-Q28) and "Green Business Strategy (GBS)" (Q29-Q33) exhibit slightly lower but still acceptable reliability with Cronbach's alphas of 0.732 and 0.720, respectively. These constructs likely gauge the development and implementation of sustainable products/services and strategic initiatives within banks. Regarding overall measures, constructs such as "Efficiency" (Q34-Q37), "Effectiveness" (Q38-Q42), and "Economy" (Q43-Q49) show lower reliability coefficients ranging from 0.593 to 0.627. While these coefficients suggest moderate internal consistency, they indicate that the items within these constructs may measure related but slightly distinct aspects of efficiency, effectiveness, and economic impacts of green banking practices.

Overall, the high reliability coefficients observed in key constructs like Green Investment, Risk Management, and Green HRM underscore the robustness of these measurements in capturing respondents' perceptions or behaviors related to sustainable banking practices. Lower reliability coefficients in some constructs suggest potential areas for refinement or further validation of the questionnaire items to enhance measurement accuracy in assessing the perceived financial performance implications of green banking practices in Nepalese financial institutions.

4.8 Descriptive Analysis

Descriptive statistics play a crucial role in summarizing and simplifying data in research studies. They provide essential insights into the characteristics of a sample and the measures used. Alongside graphical analyses, descriptive statistics form the foundation for quantitative data analysis. They condense large datasets into manageable summaries, facilitating a clearer understanding of the data. In this study, descriptive analysis involved calculating statistical measures such as mean, standard deviation, and correlation, all aligned with the study objectives. The questionnaires employed a five-point Likert scale, ranging from "strongly agree" = 1 to "strongly disagree" = 5, enabling the researcher to analyze frequencies and percentages pertaining to research questions and variables. Cross-tabulation of different variables was also conducted to gain deeper insights into respondent behaviors and relationships among variables.

4.8.1Responses of respondent on green banking practice and perceive financial performance

The researcher in this section wants to find out the responses of respondent on electronic banking products through the data collected from questionnaire during the research process. Here, descriptive analysis incorporates calculation of statistical measures such as frequency, mean and standard deviation. Questions dealt with ranking system on five point scale Likert anchored “Strongly Agree” =1, “Agree” = 2, “Neutral"= 3, "Disagree”= 4 and “Strongly Disagree”= 5.

4.8Status of green investment

Table 7 : *Status of green investment*

Statements	N	Mean	SD
Our bank increases the proportion of investment in environment project like solar energy. Hydropower and other similar projects.	100	2.11	1.110
Our bank provides reasonable interest loan (Green loan) to consumer who initiate environmental project in social or individual level	100	1.98	1.175
Our bank encourages investment to the economic activities that help to recover environmental degradation	100	2.31	1.063
Our bank encourages investment to that project which helps to prevent deterioration of environment.	100	2.32	1.156
Our bank encourages investment to those project that are not harmful to the environment.	100	2.42	1.108
Green Investment	100	2.2300	.94648

Source: Results of SPSS

The table presents data on the green banking practices of Nepalese banks and financial institutions, highlighting their commitment to environmental sustainability through various investment initiatives. The responses, based on a sample of 100 participants, indicate that there is a moderate level of engagement in green banking activities. The mean scores for each statement range from 1.98 to 2.42, suggesting that while banks are somewhat active in promoting environmentally friendly projects, there is significant room for improvement. Specifically, the banks show a slightly higher inclination towards investing in projects that are not harmful to the environment (mean = 2.42) and those that help prevent environmental deterioration (mean = 2.32). However, providing reasonable interest loans for individual or social environmental projects has the lowest mean score (1.98), indicating lesser emphasis in this area. Overall, the composite mean for green investment activities is 2.23, reflecting a moderate but not robust integration of green banking practices in the financial strategies of these institutions. The standard deviations indicate variability in responses, with the highest being 1.175 for green loans, pointing to differing perceptions or implementations of these practices across the surveyed banks.

4.9Status of Risk Management

Table 8 : *Status of Risk Management*

Statements	N	Mean	Std. Deviation
Addressing environment issues in financial operations are a part of sound risk management in our bank	100	2.09	1.051
Our bank works with various national and international NGOs for insight & expertise on environmental management issues and performance.	100	2.51	1.117
Our bank encourages projects, which take care of performance and use of natural renewable resource.	100	2.51	.867
Our bank considers environmental risk management in business decisions.	100	2.70	.956
Our bank carries environmental rating of the investment proposal	100	2.42	.955
RM	100	2.4453	.74928

Source: Results of SPSS

The table illustrates the integration of environmental risk management (RM) practices in the financial operations of Nepalese banks and financial institutions, focusing on their commitment to addressing environmental issues. The data, derived from a sample of 100 respondents, shows a moderate engagement with environmental risk management in their banking activities. The mean scores for the statements range from 2.09 to 2.70, indicating varied levels of implementation. The highest mean score (2.70) is associated with the consideration of environmental risk management in business decisions, suggesting that banks are moderately proactive in integrating environmental risks into their decision-making processes. Working with national and international NGOs and encouraging projects that use natural renewable resources both have a mean score of 2.51, reflecting a moderate engagement with external environmental expertise and sustainable projects. The practice of carrying out environmental ratings for investment proposals also shows a moderate mean score of 2.42. However, addressing environmental issues as part of sound risk management has the lowest mean score of 2.09, indicating it is less prioritized. Overall, the composite mean score for environmental risk management practices is 2.45, suggesting a moderate but not comprehensive adoption of green banking practices in the risk management strategies of these institutions. The standard deviations reveal some variability in the responses, with the highest being 1.117 for collaboration with NGOs, pointing to differing levels of collaboration and expertise utilization across the banks.

4.10 Status of Green Human Resource Management

Table 9 : *Status of Green Human Resource Management*

	N	Mean	SD
Our bank follows green practices (online advertisement tools, use of email, video-based telephone interviews) while recruiting and selecting staffs.	100	1.94	.863
Our bank conduct green banking training and capacity building program for the employees.	100	2.35	1.050
In our bank employees actively participate in the green training programs	100	2.33	.855
Green events like seminars, symposiums, discussion meetings etc. are conducted in our bank.	100	2.56	1.002
Academic training and workshops on green banking, Environmental and social risk management was conducted in our bank.	100	2.20	.748
GHR	100	2.2747	.67919

Source: Results of SPSS

The table presents data on the adoption of green human resource (GHR) practices by Nepalese banks and financial institutions, focusing on their efforts to incorporate environmentally sustainable practices in HR management and training. Based on responses from 100 participants, the mean scores range from 1.94 to 2.56, indicating a generally moderate level of engagement in green HR practices. The highest mean score (2.56) is for conducting green events like seminars and discussion meetings, suggesting a relatively higher frequency of such activities. Conversely, the lowest mean score (1.94) pertains to the use of green practices in recruitment and selection, indicating minimal adoption of online advertisement tools and video-based interviews. Training and capacity-building programs on green banking for employees have a mean score of 2.35, and employee participation in these programs is slightly lower at 2.33. Academic training and workshops on green banking and environmental risk management score 2.20, reflecting some but not extensive focus on formal education in these areas. Overall, the composite mean for green HR practices is 2.27, signifying a moderate but not robust integration of green initiatives in HR practices. The standard deviations indicate some variability, with the highest being 1.050 for green banking training programs, suggesting diverse levels of engagement and implementation across different banks.

4.11 Status of Green Product and Services

Table 10 : *Status of Green Product and Services*

	N	Mean	Std. Deviation
Our bank achieves lasting growth by offering sustainable financial products or services.	100	1.92	.745
Our bank focused on green products/services at our concern for green banking initiatives.	100	2.08	.907
Green products/services are more in demand by customers.	100	2.22	.752
Green products/services have low perceived financial risk.	100	2.27	.903
Our bank develops environment friendly product that combine social concern.	100	2.09	.591
GPS	100	2.1160	.54755

Source: Results of SPSS

The table provides insights into the emphasis on green products and services (GPS) by Nepalese banks and financial institutions as part of their green banking practices. Based on data from 100

respondents, the mean scores indicate a generally low to moderate focus on sustainable financial products and services. The mean scores range from 1.92 to 2.27, with the lowest score (1.92) for the statement about achieving lasting growth through sustainable financial products, suggesting that banks do not strongly associate sustainability with long-term growth. The highest mean score (2.27) relates to the perception that green products and services have low financial risk, indicating some recognition of their potential stability. Customer demand for green products/services has a moderate mean score of 2.22, reflecting a fair level of interest among consumers. The banks' focus on green products/services and the development of environment-friendly products that combine social concern both have mean scores slightly above 2.00, indicating moderate engagement. Overall, the composite mean score for green products and services is 2.12, reflecting a modest integration of sustainable products into the banks' offerings. The standard deviations are relatively low, with the highest being 0.907 for the focus on green products/services, suggesting some variability in the extent to which different banks prioritize these initiatives.

4.12 Status of Green Business Strategy

Table 11 : *Status of Green Business Strategy*

	N	Mean	Std. Deviation
Each year our bank determines a set of yearly green target.	100	2.00	.784
Our bank prepares necessary budget for pursuing the strategic plan in synergy with green target.	100	2.06	.921
Our bank use online transaction (E-banking, mobile banking) for green banking.	100	2.26	.739
Our bank provides reasonable interest loan to promote green banking.	100	2.26	.864
Our bank use video conferencing instead of physical movement in order to promote green banking.	100	2.12	.617
GBS	100	2.1393	.54391

Source: Results of SPSS

The table outlines the strategic green banking (GBS) practices of Nepalese banks and financial institutions, highlighting their efforts to incorporate sustainability into their operational strategies. Based on responses from 100 participants, the mean scores suggest a moderate level of commitment to green banking initiatives. The mean scores range from 2.00 to 2.26, with the

highest scores (2.26) being for the use of online transactions (e-banking and mobile banking) and the provision of reasonable interest loans to promote green banking. This indicates a moderate emphasis on leveraging technology and financial incentives to support sustainability. The lowest mean score (2.00) is for determining yearly green targets, suggesting that setting specific environmental goals is not strongly prioritized. The preparation of necessary budgets for green strategic plans (mean = 2.06) and the use of video conferencing to reduce physical movement (mean = 2.12) show moderate adoption levels. Overall, the composite mean score for strategic green banking practices is 2.14, reflecting a moderate but not comprehensive integration of green strategies in banking operations. The standard deviations indicate some variability, with the highest being 0.921 for budget preparation, suggesting differing levels of financial commitment to green targets across the banks.

4.13 Status of Efficiency

Table 13: *Status of Efficiency*

	N	Mean	Std. Deviation
On almost all the green banking programmers/projects activities are done the same as before, but with fewer resources in term of money, staff, space etc.	100	2.05	.881
Green banking practices always look forward to getting out much in relation to how much they put in.	100	2.18	.858
Green banking always ensures that in every process there is best use of resource by getting it right first time.	100	2.30	.686
Every staff in the green banking practice endeavors to optimally use resources on time in the attainment of my bank objectives, targets and tasks.	100	2.29	.805
Efficiency	100	2.2042	.54422

Source: Results of SPSS

The table provides an analysis of the efficiency of green banking practices in Nepalese banks and financial institutions, focusing on resource utilization and process optimization. With data from 100 respondents, the mean scores indicate a generally moderate level of efficiency in these practices. The mean scores range from 2.05 to 2.30, with the highest score (2.30) indicating that banks aim to ensure the best use of resources by getting processes right the first time. This suggests a moderate commitment to process efficiency and resource optimization. The lowest mean score (2.05) pertains to performing green banking activities with fewer resources than

before, indicating that while efforts are made to be resource-efficient, this is not yet highly effective. The mean score for the endeavor of every staff member to optimally use resources on time is 2.29, reflecting a moderate level of staff commitment to resource efficiency. The perception that green banking seeks to maximize outputs relative to inputs has a mean score of 2.18, showing a moderate focus on productivity. Overall, the composite mean score for efficiency in green banking practices is 2.20, indicating a moderate but not highly effective integration of efficient resource use in these initiatives. The standard deviations are relatively low, with the highest being 0.881 for maintaining activities with fewer resources, suggesting some variability in how banks manage resource efficiency across different green banking projects.

4.14 Status of Effectiveness

Table 12 : *Status of Effectiveness*

	N	Mean	Std. Deviation
On all the green banking programmers / projects, the officers always look out the impact which is the output of all these functions either contributes to or influences financial performance as a whole.	100	1.99	.801
There is satisfaction on all green banking programmer / projects, which is exhibited by how the service is perceived by both senior management and the internal staff on these projects.	100	1.96	.904
There is a high level of modernization exhibited by the extent to which the bank has adopted green banking practices that would be regarded as being innovative and forward looking.	100	2.20	.735
All staff at the green banking practice strive to achieve the intended results in terms of quality in accordance with the set targets and performance standards for service delivery	100	2.13	.809
Effectiveness	100	2.0692	.55958

Source: Results of SPSS

The table evaluates the effectiveness of green banking practices in Nepalese banks and financial institutions, particularly regarding their impact on financial performance, satisfaction levels, modernization, and quality achievement. Based on responses from 100 participants, the mean scores reflect a generally low to moderate level of effectiveness in these areas. The scores range

from 1.96 to 2.20, with the highest mean score (2.20) indicating a moderate level of modernization in adopting innovative and forward-looking green banking practices. The lowest mean score (1.96) relates to satisfaction levels perceived by senior management and internal staff, suggesting low satisfaction with green banking programs. The mean score for officers considering the financial impact of green banking functions is 1.99, indicating that this aspect is not strongly prioritized. Staff striving to meet quality targets and performance standards has a mean score of 2.13, reflecting moderate effectiveness in achieving intended results. Overall, the composite mean score for the effectiveness of green banking practices is 2.07, highlighting a modest but insufficient integration of effective green practices in enhancing financial performance. The standard deviations suggest some variability in responses, with the highest being 0.904 for satisfaction levels, indicating differing perceptions of effectiveness and satisfaction with green banking initiatives among different banks.

4.15 Status of Economy

Table 13 : *Status of Economy*

	N	Mean	Std. Deviation
The green banking practice aims at minimizing the cost of resources for all the available programmers/projects.	100	2.04	.800
The bank pays the price that is exactly for what goes into providing green service or product.	100	1.94	.888
The green banking practices generates cost savings on most of its procurements. That is, it does less with fewer resources	100	2.18	.731
The green banking takes bulk discounts by buying/procuring in large quantities	100	2.11	.804
In the green banking, cost is more significant than the quality of the service.	100	2.14	.796
In green banking, quality of services is more significant than the costs.	100	1.98	.948
I always safeguard the public property/ assets entrusted to me to ensure that there is no damage.	100	2.25	.746
I always ensure that there is proper and economical utilization of public funds.	100	2.19	.745
Economy	100	2.1029	.41374

Source: Results of SPSS

The table provides an overview of the economic aspects of green banking practices among Nepalese banks and financial institutions, focusing on cost management and resource utilization.

The data, derived from 100 respondents, shows a generally low to moderate emphasis on economic efficiency within green banking initiatives. The mean scores range from 1.94 to 2.25, with the highest mean score (2.25) indicating a strong commitment to safeguarding public property and assets, ensuring no damage occurs. The lowest mean score (1.94) is related to the banks paying exactly for what goes into providing green services or products, suggesting a lesser focus on exact cost assessments. The practice of generating cost savings by using fewer resources scores moderately at 2.18, while bulk procurement to gain discounts scores 2.11, reflecting some cost-saving efforts. The importance of cost over quality in green banking has a mean score of 2.14, slightly higher than the inverse scenario, where quality is deemed more significant than costs, which scores 1.98. Proper and economical utilization of public funds also scores moderately at 2.19. Overall, the composite mean score for the economic aspect of green banking practices is 2.10, indicating a moderate but not robust focus on economic efficiency and cost management in these practices. The standard deviations suggest relatively consistent responses, with the highest variability (0.948) in the perception of quality being more significant than costs, indicating differing priorities among the banks regarding cost versus quality.

4.16 Inferential Analysis

An inferential analysis of the green banking practices among Nepalese banks and financial institutions reveals several key insights into the perceived financial performance and implementation effectiveness. While the descriptive statistics indicate moderate engagement in green banking activities across various dimensions such as strategic planning, human resource practices, and cost management, inferential analysis can provide deeper understanding by examining relationships and differences between these practices and perceived financial performance. For instance, correlation analysis could determine whether banks that more actively engage in green training programs or adopt innovative green products perceive higher financial benefits. Regression analysis might uncover the extent to which specific green practices predict financial performance, controlling for other factors. Moreover, inferential statistics can help generalize the findings to the broader population of banks and financial institutions in Nepal, providing evidence on whether the observed patterns are statistically significant and not due to random variation. This deeper analysis would enable banks to make data-driven decisions,

identify key areas for improvement, and strategically invest in green banking practices that yield the most significant financial and environmental returns.

4.17 Correlation Analysis

Correlation analysis is a statistical method used to examine the strength and direction of relationships between variables. In the context of green banking practices among Nepalese banks and financial institutions, conducting a correlation analysis involves exploring how various dimensions of green initiatives—such as investment in green projects, risk management strategies, human resource practices, efficiency measures, and others relate to perceived financial performance. By calculating Pearson correlation coefficients between these dimensions, we can quantify the degree of linear association. For instance, a positive correlation close to 1 would suggest that as one aspect of green banking practice improves (e.g., efficiency), there is a corresponding increase in perceived financial performance. Conversely, a negative correlation nearing -1 would indicate that improvements in one aspect may lead to a decrease in financial outcomes. Understanding these relationships helps banks identify which green initiatives might have the greatest impact on financial performance, enabling them to prioritize investments and strategic decisions accordingly. Correlation analysis thus serves as a valuable tool in uncovering insights that can guide sustainable and financially beneficial practices within the banking sector.

Table 16: *Correlation Analysis*

		GI	RM	GHR	GPS	GBS	Efficiency	Effectiveness	Economy
GI	Pearson Correlation	1							
	Sig. (2-tailed)								
RM	Pearson Correlation	.481**	1						
	Sig. (2-tailed)	.000							
GHR	Pearson Correlation	.210**	.301**	1					
	Sig. (2-tailed)	.000	.000						
GPS	Pearson Correlation	.092	.210**	.257**	1				
	Sig. (2-tailed)	.111	.000	.000					
GBS	Pearson Correlation	.186**	.231**	.144*	.566**	1			
	Sig. (2-tailed)	.001	.000	.013	.000				
Efficiency	Pearson Correlation	.135*	.230**	.331**	.662**	.637**	1		
	Sig. (2-tailed)	.019	.000	.000	.000	.000			
Effectiveness	Pearson Correlation	.080	.193**	.210**	.654**	.603**	.579**	1	
	Sig. (2-tailed)	.168	.001	.000	.000	.000	.000		
Economy	Pearson Correlation	.071	-.013	.040	.452**	.440**	.421**	.470**	1
	Sig. (2-tailed)	.218	.823	.486	.000	.000	.000	.000	

****. Correlation is significant at the 0.01 level (2-tailed).**
***. Correlation is significant at the 0.05 level (2-tailed).**

Source: Results of SPSS

The correlation analysis of different variables in table shows the relationship between the dependent variables and the independent variables. The relationship between green banking

practice at commercial banks of Nepal and other five independent variables i.e. green investment, risk management, green human resource management, green product and services and last another green business strategy.

The table presents Pearson correlation coefficients between different dimensions of green banking practices (Green Investment (GI), Risk Management (RM), Green Human Resource (GHR), Green Products and Services (GPS), Green Banking Strategy (GBS)) and perceived financial performance indicators (Efficiency, Effectiveness, Economy) among Nepalese banks and financial institutions.

GI shows a significance low positive correlation ($r = 0.135$, $p < 0.05$) with efficiency, suggesting a slight relationship where higher investment in green projects may lead to improved efficiency.RM and GHR demonstrate moderate positive correlations ($r = 0.230$ and $r = 0.331$, respectively, both $p < 0.01$), indicating that effective risk management and dedicated human resource practices contribute more significantly to efficiency. GPS and GBS show strong positive correlations ($r = 0.662$ and $r = 0.637$, respectively, both $p < 0.01$), suggesting that focusing on green products/services and strategic banking initiatives substantially enhances efficiency.

GI and effectiveness have a insignificance positive correlation ($r = 0.080$, $p > 0.05$), indicating a minimal relationship between green investment and operational effectiveness.RM and GHR show moderate positive correlations ($r = 0.193$ and $r = 0.210$, respectively, both $p < 0.01$), suggesting that effective risk management and human resource practices contribute more significantly to operational effectiveness. GPS and GBS display strong positive correlations ($r = 0.654$ and $r = 0.603$, respectively, both $p < 0.01$), highlighting that focusing on green products/services and strategic initiatives greatly enhances operational effectiveness.

GI, RM, and GHR show significance low positive correlations with economy ($r = 0.071$, $r = -0.013$, and $r = 0.040$, respectively, all $p > 0.05$), suggesting minimal direct impact on economic aspects. GPS and GBS exhibit moderate to strong positive correlations ($r = 0.452$ and $r = 0.440$, respectively, both $p < 0.01$), indicating that emphasizing green products/services and strategic banking initiatives contributes significantly to economic performance.

Overall, the findings suggest that while green investment alone may have a limited impact on perceived financial performance indicators like efficiency, effectiveness, and economy,

integrated strategies involving robust risk management, human resource practices, and strategic initiatives related to green products/services show stronger positive correlations. This underscores the importance of holistic approaches to green banking practices in enhancing financial outcomes and operational effectiveness within Nepalese banks and financial institutions.

4.18 Regression Analysis

To ascertain the statistical significance and reliability of the findings, this study conducts primary data analysis using regression models outlined in Chapter Three. The analysis focuses on regression results derived from different model specifications to explore the estimated relationships. Specifically, the study investigates how perceived financial performance metrics (Efficiency, Effectiveness, and Economy) act as dependent variables, while Green Investment, Risk Management, Green Human Resource Management, Green Products and Services, and Green Business Strategies serve as independent variables. This approach allows for a comprehensive examination of how various dimensions of green banking practices impact the perceived financial performance of commercial banks. The regression results have been presented in tables below.

Table 17: *Regression Analysis of Efficiency*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753	.567	.560	.36101

a. Predictors: (Constant), GBS, GHR, GI, RM, GPS
b. Dependent Variable: Efficiency

Source: Results of SPSS

In above table, the multiple correlation coefficient (R) is 0.753, indicating a strong positive relationship between the predictors and efficiency. The R Square value is 0.567, meaning that approximately 56.7% of the variance in efficiency is explained by these five predictors. The Adjusted R Square, which accounts for the number of predictors and sample size, is slightly lower at 0.560, indicating a robust model fit. The standard error of the estimate (0.36101) reflects the average distance that the observed values fall from the regression line, indicating the model's accuracy in predicting efficiency. Overall, the model demonstrates that the selected green

banking practices significantly contribute to explaining the efficiency of these financial institutions.

Table 18: *ANOVA of Efficiency*

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	50.241	5	10.048	77.100	.000[b]
	Residual	38.316	294	.130		
	Total	88.557	299			

a. Dependent Variable: Efficiency

b. Predictors: (Constant), GBS, GHR, GI, RM, GPS

Source: Results of SPSS

In above table, the "Regression" row indicates that the model explains a total sum of squares of 50.241, which is the variation attributed to the predictors. With 5 degrees of freedom (df), the mean square for the regression is 10.048. The "Residual" row shows a sum of squares of 38.316 with 294 degrees of freedom, resulting in a mean square of 0.130. The F-statistic, calculated as the ratio of the mean square of the regression to the mean square of the residual, is 77.100. This high F-value, along with a significance level (Sig.) of 0.000, indicates that the regression model is statistically significant and that the predictors collectively have a substantial effect on the efficiency of the banks. In summary, the ANOVA results confirm that the green banking practices included in the model significantly contribute to explaining variations in banking efficiency.

Table 19 : Coefficients *of Efficiency*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	.224	.113		1.976	.049
	GI	-.009	.025	-.016	-.366	.714
	RM	.009	.033	.013	.285	.776
	GHR	.138	.033	.172	4.165	.000
	GPS	.395	.048	.397	8.301	.000
	GBS	.387	.047	.387	8.172	.000

a. Dependent Variable: Efficiency

Source: Results of SPSS

The coefficients table outlines the impact of various green banking practices on the effectiveness of Nepalese banks and financial institutions. The constant (B = 0.224, p = 0.49) is significant, indicating a baseline effectiveness level. Among the predictors, Green Investment (GI)** has a slight negative effect (B = -0.09) which is not statistically significant (p = 0.714). Risk Management (RM)** shows a minor positive effect (B = 0.09) that is also not significant (p = 0.776). Green Human Resource (GHR)** presents a positive effect (B = 0.138) statistical significance (p = 0.000). Green Products and Services (GPS)** has a strong positive and highly significant impact (B = 0.395, p = 0.000), highlighting its substantial role in enhancing effectiveness. Green Banking Strategy (GBS)** also shows a strong positive and significant effect (B = 0.387, p = 0.000), indicating its importance in improving effectiveness. The standardized coefficients (Beta) reveal that GPS (Beta = 0.397) and GBS (Beta = 0.387) are the most influential predictors. Overall, the table suggests that while GI, RM, and GHR do not significantly predict effectiveness, GPS and GBS are critical drivers of improved effectiveness in green banking practices.

Table 20: *Regression Analysis of Effectiveness*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715[a]	.511	.503	.39448

a. Predictors: (Constant), GBS, GHR, GI, RM, GPS
b. Dependent Variable: Effectiveness

Source: Results of SPSS

The multiple correlation coefficient (R) is 0.715, indicating a strong positive relationship between the predictors and effectiveness. The R Square value is 0.511, meaning that 51.1% of the variance in effectiveness is explained by these green banking practices. The Adjusted R Square, which adjusts for the number of predictors and the sample size, is slightly lower at 0.503, suggesting that the model maintains a good fit even when considering the complexity of the model. The standard error of the estimate (0.39448) indicates the average deviation of the observed values from the regression line, reflecting the model's prediction accuracy. Overall, the table suggests that these green banking practices significantly contribute to explaining the effectiveness of the banks' operations.

Table 21: *ANOVA of Effectiveness*

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	47.877	5	9.575	61.532	.000[b]
	Residual	45.751	294	.156		
	Total	93.627	299			

a. Dependent Variable: Effectiveness

b. Predictors: (Constant), GBS, GHR, GI, RM, GPS

Source: Results of SPSS

In above table, The "Regression" row shows that the model explains a total sum of squares of 47.877, representing the variance attributed to the predictors. With 5 degrees of freedom (df), the mean square for the regression is 9.575. The "Residual" row indicates a sum of squares of 45.751 with 294 degrees of freedom, resulting in a mean square of 0.156. The F-statistic, calculated as the ratio of the mean square of the regression to the mean square of the residual, is 61.532. This high F-value, along with a significance level (Sig.) of 0.000, indicates that the regression model is statistically significant, meaning the predictors collectively have a significant impact on the effectiveness of the banks. In summary, the ANOVA results confirm that the included green banking practices significantly contribute to explaining variations in banking effectiveness.

Table 22 : Coefficients *of Effectiveness*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	.268	.124		2.168	.031
	GI	-.029	.028	-.050	-1.061	.289
	RM	.022	.036	.030	.610	.542
	GHR	.039	.036	.047	1.079	.282
	GPS	.454	.052	.444	8.726	.000
	GBS	.357	.052	.347	6.894	.000

a. Dependent Variable: Effectiveness

Source: Results of SPSS

The coefficients table outlines the impact of various green banking practices on the effectiveness of Nepalese banks and financial institutions. The constant (B = 0.268, p = 0.031) is significant, indicating a baseline effectiveness level. Among the predictors, Green Investment (GI)** has a slight negative effect (B = -0.029) which is not statistically significant (p = 0.289). Risk Management (RM)** shows a minor positive effect (B = 0.022) that is also not significant (p = 0.542). Green Human Resource (GHR)** presents a small positive effect (B = 0.039) but lacks statistical significance (p = 0.282). Green Products and Services (GPS)** has a strong positive and highly significant impact (B = 0.454, p = 0.000), highlighting its substantial role in enhancing effectiveness. Green Banking Strategy (GBS)** also shows a strong positive and significant effect (B = 0.357, p = 0.000), indicating its importance in improving effectiveness. The standardized coefficients (Beta) reveal that GPS (Beta = 0.444) and GBS (Beta = 0.347) are the most influential predictors. Overall, the table suggests that while GI, RM, and GHR do not significantly predict effectiveness, GPS and GBS are critical drivers of improved effectiveness in green banking practices.

Table 23 *Regression Analysis of Economy*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530[a]	.281	.269	.35374

a. Predictors: (Constant), GBS, GHR, GI, RM, GPS

b. Dependent Variable: Economy

Source: Results of SPSS

The multiple correlation coefficient (R) is 0.530, indicating a moderate positive relationship between the predictors and the economy. The R Square value is 0.281, meaning that 28.1% of the variance in economic performance is explained by these green banking practices. The Adjusted R Square, which accounts for the number of predictors and sample size, is slightly lower at 0.269, suggesting that while the model retains its explanatory power, it is modest. The standard error of the estimate (0.35374) reflects the average distance that the observed values fall from the regression line, indicating the model's prediction accuracy. Overall, the table suggests that the selected green banking practices contribute to explaining a portion of the economic performance, but other factors not included in the model also play a significant role.

Table 24: *ANOVA of Economy*

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	14.393	5	2.879	23.005	.000[b]
	Residual	36.789	294	.125		
	Total	51.182	299			

a. Dependent Variable: Economy

b. Predictors: (Constant), GBS, GHR, GI, RM, GPS

Source: Results of SPSS

The "Regression" row shows that the model explains a total sum of squares of 14.393, representing the variance attributed to the predictors. With 5 degrees of freedom (df), the mean square for the regression is 2.879. The "Residual" row indicates a sum of squares of 36.789 with 294 degrees of freedom, resulting in a mean square of 0.125. The F-statistic, calculated as the ratio of the mean square of the regression to the mean square of the residual, is 23.005. This high F-value, along with a significance level (Sig.) of 0.000, indicates that the regression model is statistically significant, meaning the predictors collectively have a significant impact on the effectiveness of the banks. In summary, the ANOVA results confirm that the included green banking practices significantly contribute to explaining variations in banking effectiveness.

Table 25: Coefficients *of Economy*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	1.333	.111		12.015	.000
	GI	.036	.025	.082	1.431	.154
	RM	-.095	.032	-.172	-2.927	.004
	GHR	-.031	.032	-.051	-.965	.336
	GPS	.252	.047	.333	5.404	.000
	GBS	.215	.046	.283	4.637	.000

a. Dependent Variable: Economy

Source: Results of SPSS

The coefficients table presents the results of the regression analysis predicting the economic performance of Nepalese banks and financial institutions based on various green banking practices. The constant term (B = 1.333, p = 0.000) is significant, indicating a baseline level of economic performance when all predictors are zero. Green Investment (GI) has a positive but non-significant effect on the economy (B = 0.036, p = 0.154).Risk Management (RM) has a negative and significant impact on the economy (B = -0.095, p = 0.004), suggesting that higher emphasis on risk management practices is associated with a decrease in economic performance. Green Human Resource (GHR) has a negative but non-significant effect (B = -0.031, p = 0.336). Green Products and Services (GPS) shows a strong positive and significant impact on economic performance (B = 0.252, p = 0.000), indicating its substantial role in enhancing the economy. Green Banking Strategy (GBS) also has a strong positive and significant effect (B = 0.215, p = 0.000), underscoring its importance in improving economic performance. The standardized coefficients (Beta) indicate that GPS (Beta = 0.333) and GBS (Beta = 0.283) are the most influential predictors of economic performance. In summary, while GI and GHR do not significantly affect economic performance, RM negatively affects it, and GPS and GBS significantly and positively contribute to the economic performance of the banks.

4.27 Major Finding

- The survey of Nepalese banks, with a high response rate of 82.00%, underscores a significant interest in green banking practices, indicating that these institutions are keenly aware of sustainable baking's importance. The engagement of strategic decision-makers, with nearly half of the respondents being managers, highlights that discussions around green banking are taking place at influential levels. The gender distribution, with a higher representation of females (56.3%), reflects a diverse range of perspectives contributing to the sector's sustainable practices. The demographic trend showing a predominance of younger employees (71.0% aged 20-30 years) suggests that green banking initiatives are strongly influenced by a demographic more attuned to sustainability.
- the high academic qualifications of respondents, with 54.67% holding a Master's degree, indicate a well-educated workforce driving these initiatives. The varied working experience among respondents, ranging from less than 1 year to over 5 years, ensures a blend of fresh perspectives and seasoned insights, contributing to a comprehensive approach to green banking within Nepalese banks. The constructs "Green Investment (GI)," "Risk Management

(RM)," and "Green HRM (GHR)" exhibit high reliability coefficients (Cronbach's alpha of 0.898, 0.811, and 0.801, respectively), indicating strong internal consistency and robustness in measuring respondents' perceptions or behaviors related to these key aspects of green banking practices.

- Green Investment Practices, The data indicates that Nepalese banks moderately engage in green investment activities, with a composite mean of 2.23. The highest mean score (2.42) is for investments in projects that are not harmful to the environment, while the lowest (1.98) is for providing reasonable interest loans for individual or social environmental projects, highlighting areas for potential improvement in green loan offerings.
- Environmental Risk Management, Nepalese banks demonstrate moderate engagement with environmental risk management, with a composite mean score of 2.45. The highest mean score (2.70) relates to the consideration of environmental risks in business decisions, suggesting some integration of environmental concerns in strategic decision-making processes. Green Human Resource Management, The adoption of green HR practices is moderate, with a composite mean of 2.27. The highest mean score (2.56) is for conducting green events like seminars, while the lowest (1.94) pertains to using green practices in recruitment and selection, indicating varying levels of implementation across different HR activities.
- Green Products and Services, The focus on green products and services in Nepalese banks is modest, with a composite mean score of 2.12. The highest score (2.27) is for the perception that green products have low financial risk, while the lowest (1.92) is for achieving lasting growth through sustainable financial products, reflecting limited emphasis on the long-term benefits of green products. Green Business Strategy, The integration of strategic green banking practices shows moderate commitment, with a composite mean of 2.14. The highest scores (2.26) are for using online transactions and providing reasonable interest loans to promote green banking, indicating some leverage of technology and financial incentives.
- Efficiency of Green Practices, Efficiency in green banking practices is moderate, with a composite mean score of 2.20. The highest score (2.30) suggests banks aim for the best use of resources by getting processes right the first time, while the lowest (2.05) indicates less effectiveness in performing activities with fewer resources. Effectiveness of Green Practicesm , The effectiveness of green banking practices is modest, with a composite mean

of 2.07. The highest score (2.20) is for the level of modernization in adopting innovative green banking practices, while the lowest (1.96) pertains to satisfaction levels perceived by senior management and staff.

- Economic Efficiency, Economic aspects of green banking practices show moderate emphasis, with a composite mean of 2.10. The highest score (2.25) relates to safeguarding public property and ensuring no damage, while the lowest (1.94) is for exact cost assessments in providing green services, indicating varying levels of focus on economic efficiency and cost management.
- The correlation analysis reveals that Green Investment (GI) has a weak positive correlation with efficiency ($r = 0.135$, $p < 0.05$) and negligible correlation with effectiveness ($r = 0.080$, $p > 0.05$) and economy ($r = 0.071$, $p > 0.05$), indicating that green investments alone have limited impact on these financial performance indicators. Risk Management (RM) and Green Human Resource (GHR) practices show moderate positive correlations with both efficiency ($r = 0.230$ and $r = 0.331$, respectively, both $p < 0.01$) and effectiveness ($r = 0.193$ and $r = 0.210$, respectively, both $p < 0.01$), highlighting their significant contributions to improving these aspects.
- Green Products and Services (GPS) and Green Banking Strategy (GBS) exhibit strong positive correlations with efficiency ($r = 0.662$ and $r = 0.637$, respectively, both $p < 0.01$) and effectiveness ($r = 0.654$ and $r = 0.603$, respectively, both $p < 0.01$), as well as moderate to strong correlations with economy ($r = 0.452$ and $r = 0.440$, respectively, both $p < 0.01$), demonstrating their substantial role in enhancing overall financial performance. The findings emphasize that while green investments are important, a holistic approach incorporating effective risk management, dedicated human resource practices, and strategic initiatives related to green products and services is crucial for significantly improving financial performance and operational effectiveness in Nepalese banks and financial institutions.
- The regression analysis indicates that green banking practices, specifically Green Investment (GI), Risk Management (RM), Green Human Resource (GHR), Green Products and Services (GPS), and Green Banking Strategy (GBS), have a strong positive impact on the efficiency ($R = 0.753$, $R^2 = 0.567$) and effectiveness ($R = 0.715$, $R^2 = 0.511$) of Nepalese banks and financial institutions, explaining a substantial portion of the variance in these performance indicators. Although these green banking practices also positively influence economic

performance, the relationship is moderate ($R = 0.530$, $R^2 = 0.281$), suggesting that while these practices are beneficial, other unaccounted factors significantly contribute to the economic performance of these institutions. Overall, the findings highlight that comprehensive green banking strategies significantly enhance efficiency and effectiveness, but further research and additional variables may be necessary to fully understand their impact on economic performance.

- The ANOVA results for the regression models indicate that green banking practices, specifically Green Investment (GI), Risk Management (RM), Green Human Resource (GHR), Green Products and Services (GPS), and Green Banking Strategy (GBS), significantly explain variations in the efficiency, effectiveness, and economy of Nepalese banks and financial institutions, as evidenced by high F-statistics and significance levels ($p < 0.001$) across all models. For efficiency, the regression model explains a substantial portion of the variance (sum of squares = 50.241), with a high F-statistic of 77.100, indicating a strong collective impact of the green banking practices on efficiency. Similarly, for effectiveness, the model accounts for a considerable amount of variance (sum of squares = 47.877) with an F-statistic of 61.532, while for economic performance, the model explains a moderate portion of the variance (sum of squares = 14.393) with an F-statistic of 23.005, confirming the significant contribution of green banking practices to these performance indicators.
- The regression analysis reveals that Green Human Resource (GHR), Green Products and Services (GPS), and Green Banking Strategy (GBS) significantly enhance the efficiency of Nepalese banks, with GPS and GBS being the strongest predictors (Beta = 0.397 and Beta = 0.387, respectively). For effectiveness, GPS and GBS also show strong positive and significant effects (Beta = 0.444 and Beta = 0.347), indicating their critical roles in improving banking effectiveness, while GI, RM, and GHR do not significantly affect effectiveness. Economic performance is positively influenced by GPS and GBS (Beta = 0.333 and Beta = 0.283), whereas Risk Management (RM) has a significant negative impact ($B = -0.095$, $p = 0.004$), suggesting that GPS and GBS are essential for economic improvement, while excessive emphasis on RM might hinder economic performance.

4.28 Discussion

Based on the analysis of several studies on green banking practices across different countries, it is evident that green banking initiatives significantly influence various aspects of financial performance and operational efficiency in banking sectors. Akhter, Yasmin, and Faria's (2021) study on Bangladeshi commercial banks highlighted that while a majority of banks implemented green banking policies, there were gaps in fully adopting certain practices like periodic reporting and climate risk fund creation, which could impact overall performance metrics like ROA, ROE, and ROI. Similarly, Ebimobowei, Felix, and Odinakachi's (2024) Nigerian study emphasized the positive influence of employee-related, operations-related, and policy-related green banking practices on environmental performance, while customer-related practices showed a negative effect. This underscores the complex interplay of different stakeholder engagements in achieving environmental goals through banking practices.

In Nepal, studies such as Mirsha (2023) and Risal & Joshi (2020) have explored factors influencing the adoption of green banking practices, with findings indicating that brand image and regulatory policies play significant roles. Bashya's (2024) research further extends this by linking specific green banking practices—like investment, product/services, and strategic development—with efficiency, effectiveness, and market share/growth indicators. These studies collectively suggest that while green banking practices such as investment in green projects, strategic development policies, and enhanced customer engagement positively impact various performance metrics, there are nuanced effects that depend on local regulatory environments and market conditions.

Chandran & Sathiyabama's (2020) study in Kerala provides insights into customer perceptions and preferences regarding green banking, highlighting a growing awareness and acceptance of green banking products like ATM and mobile banking services. This customer-centric perspective underscores the importance of public awareness and education in driving the adoption of green banking practices, complementing organizational efforts to improve financial performance through sustainable initiatives. Wongso, Helsa, & Panggabean's (2023) Indonesian study takes a broader view by examining the nexus between green banking operations, intellectual capital, and bank profitability. Their findings suggest that while e-channel transactions significantly influence return on assets (ROA), the relationship can be complex,

influenced by factors such as human capital efficiency and structural capital efficiency. Overall, these studies collectively illustrate that green banking practices not only contribute to environmental sustainability but also play a crucial role in enhancing financial performance and operational efficiency of banks. The findings underscore the need for comprehensive strategies that integrate regulatory compliance, stakeholder engagement, and customer education to maximize the positive impacts of green banking across diverse socio-economic contexts. Future research should further explore these dynamics, considering evolving regulatory landscapes and emerging market trends to inform sustainable banking practices globally.

The thesis highlights a high engagement and awareness among Nepalese banks regarding green banking practices, as evidenced by a robust response rate (82.00%) and significant managerial involvement in discussions (Bashya, 2024; Mirsha, 2023). In contrast, Akhter et al. (2021) note that while over 90% of banks in Bangladesh have implemented green banking guidelines, certain specific practices such as periodic reporting and climate risk funds are less satisfactorily adopted. The regression analysis in the thesis underscores that green banking practices significantly enhance efficiency and effectiveness in Nepalese banks (Risal & Joshi, 2020; Bashya, 2024). GPS and GBS are highlighted as critical predictors of efficiency and effectiveness, aligning with findings from other studies emphasizing the importance of strategic green banking initiatives (Akhter et al., 2021; Wongso et al., 2023). In Nigeria, Ebimobowei et al. (2024) find that while employee-related and operational green banking practices positively affect environmental performance, customer-related practices show a negative impact, illustrating contextual variations in the effects of green banking practices on performance metrics.

Chandran & Sathiyabama (2020) emphasize customer awareness and preferences as crucial for enhancing green banking practices in Kerala, suggesting a need for effective communication strategies (Mahira et al., 2023). This contrasts with findings from Nepal, where a substantial proportion of customers utilize green banking products such as ATM and mobile banking (Chandran & Sathiyabama, 2020; Bashya, 2024). The thesis and articles collectively identify gaps in the adoption of certain green banking policies and practices, suggesting opportunities for banks to enhance their commitment to sustainability (Akhter et al., 2021; Bashya, 2024). The educational qualifications of bank employees in Nepal (Mahira et al., 2023) and their awareness of green banking practices align with findings from Kerala and Bangladesh, underscoring the role of education in driving sustainability initiatives (Mirsha, 2023; Risal & Joshi, 2020).

Regulatory frameworks, such as those in Bangladesh requiring green banking guidelines, influence the implementation and impact of green banking practices on financial performance (Akhter et al., 2021). Future research direct RESULTS ions could focus on longitudinal studies to track the evolution of green banking practices, comparative analyses across different regions, and deeper investigations into customer perceptions and behaviors towards green banking products and services (Chandran & Sathiyabama, 2020; Mahira et al., 2023). In conclusion, while there is a growing recognition of the importance of green banking practices in enhancing financial performance, the effectiveness of these practices varies across different banking contexts. Addressing gaps in implementation, enhancing regulatory support, and improving customer awareness are crucial for advancing sustainable banking practices globally.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

The study investigates the impact of green banking practices on the perceived financial performance of Nepalese banks and financial institutions. It primarily focuses on the relationships between green investment, risk management, green human resource practices, green products and services, and green business strategy, and their effect on efficiency, effectiveness, and economy. The research employs regression analysis to test these relationships, finding that green banking practices significantly enhance financial performance. Specifically, the model demonstrates a strong positive correlation between these practices and banking efficiency, with a multiple correlation coefficient (R) of 0.753 and an R Square value of 0.567, indicating that 56.7% of the variance in efficiency is explained by the predictors.

In terms of effectiveness, the study reveals that green banking practices, particularly green products and services, and green business strategy, play a crucial role. The regression results indicate a strong positive relationship (R = 0.715) between these practices and effectiveness, with an R Square value of 0.511. This means that 51.1% of the variance in effectiveness is accounted for by the green banking practices included in the model. The adjusted R Square value of 0.503 suggests that the model remains robust even when adjusted for the number of predictors and sample size. The economic performance of Nepalese banks also shows a positive relationship with green banking practices, though to a lesser extent than efficiency and effectiveness. The regression model indicates a moderate positive relationship (R = 0.530) with an R Square value of 0.281, suggesting that 28.1% of the variance in economic performance is explained by these practices. This indicates that while green banking practices do contribute to economic performance, other factors not included in the model also play a significant role.

The ANOVA results further confirm the significance of the regression models. For efficiency, the F-statistic is 77.100 with a significance level of 0.000, indicating that the predictors collectively have a substantial effect on banking efficiency. Similarly, for effectiveness, the F-statistic is 61.532 with a significance level of 0.000, underscoring the strong impact of green banking practices on the effectiveness of Nepalese banks. The study also highlights the

importance of integrated strategies involving robust risk management, human resource practices, and strategic initiatives related to green products and services. These integrated approaches show stronger positive correlations with financial performance metrics compared to green investment alone. This underscores the necessity for a holistic approach to green banking to achieve significant financial performance improvements.

Customer awareness and preferences also play a crucial role in enhancing green banking practices. The study suggests that effective communication strategies are essential to increase customer engagement with green banking products. This finding aligns with studies from other regions, such as Kerala and Bangladesh, highlighting the importance of customer education in driving the adoption of green banking practices. Regulatory frameworks are also crucial in influencing the implementation and impact of green banking practices. The study points to the example of Bangladesh, where mandatory green banking guidelines have significantly influenced the adoption of these practices and their impact on financial performance. This suggests that similar regulatory support could enhance the effectiveness of green banking practices in Nepal.

The research identifies several gaps in the adoption of green banking policies and practices. Despite the positive correlations found, the comprehensive adoption of these practices across all operational areas and jurisdictions remains a challenge. Future research could focus on longitudinal studies to track the evolution of green banking practices and comparative analyses across different regions. In conclusion, the study provides strong evidence that green banking practices positively influence the financial performance of Nepalese banks and financial institutions. However, addressing gaps in implementation, enhancing regulatory support, and improving customer awareness are essential for advancing sustainable banking practices. The findings highlight the potential of green banking practices to enhance operational efficiency, effectiveness, and economic performance when integrated into a comprehensive strategy.

5.2 Conclusions

The study concludes that green banking practices significantly enhance the financial performance of Nepalese banks and financial institutions. The regression analysis demonstrates strong positive relationships between these practices and key performance indicators such as

efficiency and effectiveness. Specifically, green products and services, and green business strategies are critical in driving these improvements. The findings suggest that banks that adopt comprehensive green banking practices can achieve substantial gains in operational efficiency and effectiveness, contributing to better overall financial performance.

However, the impact of green banking practices on economic performance is less pronounced. While there is a moderate positive relationship, the variance explained by green banking practices is lower compared to efficiency and effectiveness. This indicates that while these practices do contribute to economic performance, other factors not included in the model also play significant roles. Banks need to consider additional elements beyond green banking practices to fully optimize their economic outcomes. The study highlights the importance of a holistic approach to green banking. Integrated strategies that encompass risk management, human resource practices, and strategic initiatives related to green products and services show stronger positive correlations with financial performance metrics. This underscores the necessity for banks to adopt a comprehensive approach to green banking, rather than focusing on isolated practices, to achieve significant improvements in financial performance.

Customer awareness and engagement are crucial for the success of green banking practices. The study suggests that effective communication strategies are essential to increase customer involvement with green banking products. This finding is supported by studies from other regions, indicating that customer education plays a vital role in driving the adoption of green banking practices. Banks need to invest in educating their customers about the benefits and availability of green banking products to enhance their adoption. Regulatory frameworks also play a significant role in the implementation and impact of green banking practices. The study points to examples from other countries where mandatory green banking guidelines have significantly influenced the adoption of these practices and their impact on financial performance. This suggests that similar regulatory support could enhance the effectiveness of green banking practices in Nepal. Policymakers should consider introducing regulations that promote green banking to support the sustainability goals of the banking sector.

Despite the positive findings, the study identifies several challenges in the comprehensive adoption of green banking practices. There are gaps in the implementation of certain green

banking policies and practices, suggesting opportunities for banks to enhance their commitment to sustainability. Addressing these gaps will require concerted efforts from banks, regulators, and other stakeholders to promote the widespread adoption of green banking practices. Future research should focus on longitudinal studies to track the evolution of green banking practices and their long-term impact on financial performance. Comparative analyses across different regions could provide insights into best practices and effective strategies for implementing green banking. Additionally, deeper investigations into customer perceptions and behaviors towards green banking products and services could help banks design more effective strategies to increase customer engagement and adoption of these practices.

5.3 Implications

- Green banking practices can significantly enhance the operational efficiency of banks, leading to better resource utilization and cost savings.
- By adopting green banking practices, banks can improve their overall effectiveness, which can translate into better customer service and improved financial performance.
- While the impact on economic performance is less pronounced, green banking practices still contribute positively to the economic outcomes of banks.
- Banks should adopt a holistic approach to green banking, integrating risk management, human resource practices, and strategic initiatives related to green products and services.
- Effective communication strategies are essential to increase customer awareness and engagement with green banking products, enhancing their adoption.
- Policymakers should consider introducing regulatory frameworks that promote green banking to support the sustainability goals of the banking sector.
- Banks need to address gaps in the adoption of green banking practices to enhance their commitment to sustainability and improve financial performance.
- Future research should focus on longitudinal studies to track the evolution of green banking practices and their long-term impact on financial performance.
- Comparative studies across different regions can provide insights into best practices and effective strategies for implementing green banking.

- Deeper investigations into customer perceptions and behaviors towards green banking products and services can help banks design more effective strategies to increase customer engagement and adoption.

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APPENDIX: QUESTIONNAIRE

Shanker Dev Campus

Putalisadak, Kathmandu

Masters of Business Studies Specialization on Finance

Dear Respondent,

This is a questionnaire designed to assist the researcher to complete the academic research project on Green Finance in BFIs which is a partial fulfillment of the requirements for the award of a Master of Business Studies Specialization on Finance of Tribhuvan University. Please take a few minutes of your time to complete this questionnaire. Your honest answers will be completely anonymous, but your views, in combination with those of others are extremely important in building knowledge on the effects of Green Finance in BFIs in Nepal Kindly answer all questions.

Part I: Personal Information

Please mark " ☐ " in appropriate boxes or fill the details in the space provided.

1. Bank:

- GBIME Bank ☐
- NIC Asia Bank ☐
- Nepal Bank ☐
- NMB Bank ☐
- Nabil Bank ☐
- RBB Bank ☐

2. Job Position:

- Manager ☐
- Assistant manager ☐
- Officer ☐
- Assistant ☐

3. **Gender**

   Male ☐

   Female ☐

4. **Age**

   Less 20 years ☐

   20-30 Years ☐

   30-45 years ☐

   Over 45 years ☐

5. **Educational Qualification:**

   Master's Level ☐

   M. Phil Level ☐

   PHD Level ☐

   …….. ☐

6. **Working Experience:**

   Less than 1 Year ☐

   1 to 3 years ☐

   3 to 5 years ☐

   above 5years ☐

Please Mark " ☐ " to show to what extent you agree with the following statements:

S.N.	Statements	Yes	No
1.	My bank involves in setting up green branches (energy efficient buildings/green buildings).		
2.	In my bank, head office level or top management involves in environmental protection related planning and implementation.		
3.	My bank promotes and facilitates environmental oriented enterprises through special grants, loans and guidance.		
4.	My bank purchases its stationeries, equipment's and other items from environmentally friendly companies (e.g. printers, computers, and etc.).		
5.	My bank implements environmental (green) reward system in the branches who support the green banking initiatives.		
6.	My bank provides loan to environmental protection and energy saving related projects?		
7.	My bank has initiatives to reduce paper usage and other wastage		

	of materials?		
8.	My bank provides training and education to the staff on environmental protection, energy saving, and etc.		

Part III: Information Regarding Green Banking Practices

1- Strongly Agree	2- Agree	3- Neutral	4- Disagree	5- Strongly disagree

S.N.	Statements	1	2	3	4	5
	Green Investment (GI)					
1.	Our bank increases the proportion of investment in environment project like solar energy. Hydropower and other similar projects.					
2.	Our bank provides reasonable interest loan (Green loan) to consumer who initiate environmental project in social or individual level					
3.	Our bank encourages investment to the economic activities that help to recover environmental degradation.					
4.	Our bank encourages investment to that project which helps to prevent deterioration of environment.					
5.	Our bank encourages investment to those project that are not harmful to the environment.					
	Risk management (RM)					
1.	Addressing environment issues in financial operations are a part of sound risk management in our bank					
2.	Our bank works with various national and international NGOs for insight & expertise on environmental management issues and performance.					
3.	Our bank encourages projects which take care of performance and use of natural renewable resource.					
4.	Our bank considers environmental risk management in business decisions.					
5.	Our bank carries environmental rating of the investment proposal					
	Green HRM (GHR)					
1.	Our bank follows green practices (online advertisement tools, use of email, video-based telephone interviews) while recruiting and selecting staffs.					
2.	Our bank conduct green banking training and capacity building program for the employees.					
3.	In our bank employees actively participate in the green training programs					
4.	Green events like seminars, symposiums, discussion meetings etc. are conducted in our bank.					
5.	Academic training and workshops on green banking. Environmental and social risk management was					

	conducted in our bank.					
	Green Product and Services (GPS)					
1.	Our bank achieves lasting growth by offering sustainable financial products or services.					
2.	Our bank focused on green products/services at our concern for green banking initiatives.					
3.	Green products/services are more in demand by customers.					
4.	Green products/services have low perceived financial risk.					
5.	Our bank develops environment friendly product that combine social concern.					
	Green Business Strategy (GBS)					
1.	Each year our bank determines a set of yearly green target.					
2.	Our bank prepares necessary budget for pursuing the strategic plan in synergy with green target.					
3.	Our bank use online transaction (E-banking, mobile banking) for green banking.					
4.	Our bank provides reasonable interest loan to promote green banking.					
5.	Our bank use video conferencing instead of physical movement in order to promote green banking.					

Part IV: Information Regarding Perceived Financial Performance

1- Strongly Agree	**2- Agree**	**3- Neutral**	**4- Disagree**	**5- Strongly disagree**

Please Mark "□" to show to what extent you agree with the following statements:

S.N.	**Statements**	**1**	**2**	**3**	**4**	**5**
	Efficiency					
1.	On almost all the green banking programmers/projects activities are done the same as before, but with fewer resources in term of money, staff, space etc.					
2.	Green banking practices always look forward to getting out much in relation to how much they put in.					
3.	Green banking always ensures that in every process there is best use of resource by getting it right first time.					
4.	Every staff in the green banking practice endeavors to optimally use resources on time in the attainment of my bank objectives, targets and tasks.					
	Effectiveness					
1.	On all the green banking programmers/ projects the officers always look out the impact which is the					

	output of all these functions either contributes to or influences financial performance as a whole.					
2.	There is satisfaction on all green banking programmer / projects which is exhibited by how the service is perceived by both senior management and the internal staff on these projects.					
3.	There is a high level of modernization exhibited by the extent to which the bank has adopted green banking practices that would be regarded as being innovative and forward looking.					
4.	All staff at the green banking practice strive to achieve the intended results in terms of quality in accordance with the set targets and performance standards for service delivery					
	Economy					
1.	The green banking practice aims at minimizing the cost of resources for all the available programmers/projects.					
2.	The bank pays the price that is exactly for what goes into providing green service or product.					
3.	The green banking practices generates cost savings on most of its procurements. That is, it does less with fewer resources					
4.	The green banking takes bulk discounts by buying/procuring in large quantities					
5.	In the green banking cost is more significant than the quality of the service.					
6.	In green banking quality of services is more significant than the costs.					
7.	I always safeguard the public property/ assets entrusted to me to ensure that there is no damage.					
8.	I always ensure that there is proper and economical utilization of public funds.					

Thank You Very Much for Your Valuable Time, Cooperation, Patience and Information

GREEN FINANCE IN BANK AND FINANCIAL INSTITUTION...

By: Urmila Subedi

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ABSTRACT The study looks into the influence of Green Finance on BFIs, with a specific focus on

green investment, risk management, green human resource practices, **green products and services, and green business strategy.** **The**

research utilizes a descriptive and exploratory design, employing primary data collected through questionnaires from employees of six selected commercial banks in Kathmandu Valley. The sample includes employees from both officer and assistant levels, ensuring a diverse range of perspectives. The research addresses a significant gap in the literature by analyzing green banking practices' impact on financial performance, an area previously underexplored in the context of Nepalese banks. The major findings indicate a strong positive correlation between green banking practices and banking efficiency, effectiveness, and economic performance. Green products and services, along with green business strategies, emerged as the most influential factors enhancing economic