

Framework of Green Banking and Green Corporate Governance in Indonesian

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Abstract

The relatively poor transparency in the reporting of the Sustainable Report of Islamic banking in Indonesia lead to the control of banking regulators that not run optimally, especially related to the contribution of banks to the environment. Therefore, the efforts to improve the quality of corporate governance especially those related to the environment, which are included in sustainable development, are crucial. Moreover, branding regarding green banking is starting to be seen as a way for Islamic banking to form an image to improve its competitive position in the banking industry. Based on the theory of corporate governance, sustainable development and green banking theory, the authors have proposed a green banking framework for Islamic banking. The author proposes the application of green banking can be done through 3 things. First, environmental-based governance which includes green employees, green building and green reporting. Second, environmental which includes paperless and energy saving. Third, green bank operations which include green financing, green investing and green products (green cards).

Keywords: green banking, corporate governance, sustainable development, islamic banking

A. INTRODUCTION

Today, Islamic banks are not only pursuing profit and sharia compliance, but it is also important to prioritize sustainable development. Sustainable development itself is a concept that seeks to continue to be applied and developed in various fields so that the development carried out is minimal risk and can be felt by the wider community without compromising the interests of future generations. The increase in the number of people as potential investors who demand sustainability also makes banks inevitably have to provide work programs that are sustainable. Stakeholders in the banking world themselves also demand sustainable financial reports in order to achieve the 17 Sustainable Development Goals (SDGs) (Sardianou et al, 2021). With sustainable development in banking, maximum implementation will be able to improve financial development in countries with strong formal banking institutions. Meanwhile, countries with weak formal institutions can increase the level of trust in their institutions (Ubeda et al, 2021).

Sustainable development can also be said as an effort to maintain the stability of a system by maintaining a balance between economic, social, environmental and technological aspects without compromising the interests of future generations (Ivascu, 2013). From these various things, there is one thing that is difficult to repair if one day it is damaged or even disappears, namely the environment.

Currently, there are many movements that prioritize environmental sustainability for the sake of balance of life. This is where the important role of the concept of sustainable development.

From an Islamic perspective, sustainable development focuses on caring for the environment and also considers various complex problems such as morals, ethics, social and politics, which cannot be solved by economists and economists alone (Hasan, 2006). This is in line with the Financial Services Authority Regulation Number 51 /Pojk.03/2017 concerning the Implementation of Sustainable Finance. The Sustainability Report contains provisions that the report announced to the public contains the economic, financial, social, and environmental performance of a financial service institution, issuer, and public company in running a sustainable business.

However, there are Islamic banks that have not been transparent in publishing a complete sustainable report (SR), including the Sharia National Pension Savings Bank (BTPN) and BJB Syariah which have not published their respective sustainable reports in 2019-2020 in 2020. Several other examples of Islamic banks that have not published SR reports include Bank Cental Asia Syariah, Bukopin Syariah, Panin Syariah, Maybank Syariah and Permata Syariah. This indicates a lack of good governance, namely the disclosure of information related to non-financial conditions, especially in terms of the environment, which is in line with the Financial Services Authority Regulation Number 51/Pojk.03/2017. Only Bank Muamalat has been good at publishing sustainable reports, namely from 2017 to 2020.

The lack of transparency of publications related to sustainable reports indicates the possibility that environmental care is not one of the main goals for banks, where the main goal of banks as we know them is profit maximization. In fact, the general level of sustainability in Islamic banks is very low. In the UAE the level of disclosure in conventional banking is much higher than in Islamic banking (Nobanee and Ellili, 2016). Even research in 14 Islamic banks in 14 countries also mentions that the practice of sustainability and disclosure does not work efficiently (Hassan and Syafri Harahap, 2010). This illustrates that Islamic banks still have not maximized their performance to use sustainability as a policy reference. As for sustainability, what is mostly done is in the economic field, not the environment. While more countries realize the importance of green economy, conventional banking that present immedietly adjust their operational to green banking. But in Islamic banking, it is still rarely discuss, especially about the implementation of green banking. Therefore is is important to discuss about green banking in shariah bank

B. LITERATUR REVIEW

The author proposes the application of green banking can be done through 3 things, namely environmental-based governance which includes green employees, green building and green reporting. Second, environmental which includes paperless and energy saving. Third, green bank operations which include green financing, green investing and green products (green cards). The application of green banking is based on the grand theory. Green corporate governance was chosen as the grand theory, while SDG was the grand theory of the environment, and green operational bank was based on the grand theory of green banking.

Corporate Governance and Islam values

Corporate governance is a control rule as a guideline to achieve the economic goals and social goals of a business entity. These objectives must be able to manage the relationship between internal and external factors, such as finance, legality, employees, managers, directors, and social elements and

minimize organizational risk. Furthermore, corporate governance must be aimed at achieving the welfare of the system and organizational behavior.

Based on an Islamic perspective, Hasan (2009) argues that corporate governance must combine elements of monotheism (oneness of God), shura (compromise between people), and Islamic rules to maintain personal goals without neglecting duties and responsibilities on social welfare. Lewis (2007) shows that ethics, religion, and legal principles are the basic principles of Islamic finance law.

Recognizing the importance of good governance in sharia banking, in 2010, BI issued a Circular Letter of the Central Bank of Indonesia (SEBI), number 12/13/DPbS concerning 'Technical Guidelines for the Implementation of GCG for BUS and UUS' and was followed by other regulations in 2014 concerning UUS. in the Implementation of GCG under commercial banks, number 6/24/PBI/2014. Based on these rules are transparency of financial and non-financial conditions of Islamic Commercial Banks, reports on GCG implementation and internal reporting.

Green Corporate Governance

The principle of good corporate governance has become the basis in the implementation of corporate management. This is done as a risk mitigation measure while increasing productivity without sacrificing employees. When a company is said to have good GCG, the company's value in the eyes of the public will also increase. And as a result, the value of the company's shares will increase. This makes it easier for companies to get more fund

Islamic banking is also expected to implement GCG well. The principles of good corporate governance are also in accordance with Islamic law (where transparency is in accordance with Q.S. Al-Furqan: 75 "(And those who do not give false professing faith, and if they meet (people)) who do things that are not useful, they go through (only) by maintaining their honor". Furthermore, there is the principle of accountability in accordance with QS Al-Isra ' ; 6 "And do not follow what you do not have knowledge of, verily hearing, sight and heart, all of which will be held accountable.". And the fourth is the principle of Independent namely "And (for) those who accept (obey) the call of their Lord and establish prayer, while their affairs are (decided) by deliberation between them; and they spend part of it. n of the sustenance We gave them." (Q.S. As-Shura: 38). The fifth principle is justice in Q.S. As-Shura; 182-183 "And weigh with a straight scale. And do not harm people in their rights and do not run rampant in the earth by causing corruption."

One example of good governance is to apply the concept of green innovation. Issues regarding the environment also make many parties take various ways to preserve the environment. So this makes banks must prioritize the concept of corporate governance that cares about the environment in order to take part in protecting the environment. Currently, many stakeholders have realized the importance of GCG by implementing green innovation. Policy makers or researchers take great interest in green innovation because they are believed to be able to reduce greenhouse gas emissions (Veugelers 2012; Aghion et al, 2015). Other evidence that mentions the importance of green innovation in corporate governance is Amore and Benedsen (2015) who state that ineffective corporate governance can be a major obstacle to environmental efficiency. So that the implementation of GCG must be in line with green innovation or it can also be called green corporate governance.

Sustainable Development Goals (SDG) in Islamic Perspective

The Sustainable Development Goals (SDGs) are a real economic framework that prioritizes social values over profit. In addition, the SDGs also prioritize environmental sustainability and the prosperity of the wider community (GABV, 2017). It aims to keep poverty and inequality reduced. The SDGs also put forward environmental issues, especially climate change. From all these goals, it can be concluded that the SDGs seek to maximize the quality of life of the community equally without compromising environmental welfare.

SDGs are in line with Islamic principles where Islam is a religion that gives blessings to every creature. Regardless of whether it's humans, animals, plants, or the environment. The object of Islamic law itself is the protection of religion, protection of life, intellectual protection, protection of offspring, and protection of property. From this it can be seen that what is asked for in the SDGs has been regulated in the Qur'an and As-Sunnah (Mukhtar et al, 2018)

In the Islamic perspective, people must pay attention to 3 things as a vicegerent, namely on one's own growth such as intelligence, health, etc. Then there are social developments related to society where the role of humans as social beings is needed. The role of humans as helpers or those who ask for help will continue because humans cannot do everything by themselves. And the third is the development of the environment where as a khilafah, humans must be responsible for environmental sustainability (Rahman, 2016)

There are several goals of the SDGs that highlight how important the environment is. Such as the goals regarding the availability of water sources and ensuring sanitation, it is easy to obtain modern technology without thinking about costs, to overcome the problems of climate change, use of water, sea and all existing resources in a sustainable manner. Then there is also the role as a protector who restores, and promotes sustainable use of terrestrial ecosystems, manages forests sustainably, combats desertification, stops land degradation and stops the loss of biodiversity. From all these things, the implementation of the SDGs in an Islamic perspective must be carried out because it is related to the benefit of many people's lives.

Green banking and Islamic values

Understanding of the role of the banking industry in climate change today causes a shift in ideas that lead to the concept of green banking. The concept of green banking involves environmental awareness as part of organizational culture and reorientation of products/services and banking operations to reduce environmental degradation of banks (SBP, 2017).

However, the author argues that issues related to environmental degradation and the preservation of the natural environment today cannot be solved through technological advances alone but require governance related to ethics. This is in line with (Hassan, 2013). Solutions related to environmental issues are addressed by aligning religious and ethical principles to create self-congruity.

From an Islamic perspective, green banking concentrates on conserving resources, ensuring the best use of resources, minimizing waste and maximizing the use of renewable energy. All areas of concern for green banking are in line with sharia principles and the concept of maqashid sharia as well as verses from the Qur'an and Hadith of the Prophet Muhammad (pbuh) (Julia et al., 2016).

C. METHODOLOGY

The method used in this paper is a literature review. The author uses a theoretical framework or theoretical basis to analyze a problem. Based on the theory of corporate governance, sustainable development and the theory of green banking, the authors have proposed a framework that proposes the application of green banking through green corporate governance and a green environment. This method aims to collect scientific information, in the form of theories or approaches that have developed and have been documented in the form of books, journals and manuscripts.

D. RESULT AND ANALYSIS

As an illustration, there are several Islamic banks that have not provided information disclosure regarding bank programs related to environmental concerns that can be accommodated in the sustainable report. Islamic banks that have not provided complete transparency of sustainable report (SR) reports include the Syariah National Pension Savings (BTPN) which publishes sustainable reports in 2019-2020 and Mega Syariah and BJB Syariah banks which publish sustainable reports only in 2020.

Several other examples of Islamic banks that have not published SR reports include Bank Central Asia Syariah, Bukopin Syariah, Panin Syariah, Maybank Syariah and Permata Syariah. There are quite a number of Islamic banks that have not published the SR report, which is the reason for the importance of socialization related to environmental awareness and the need to improve good corporate governance. In fact, the Financial Services Authority has issued the Financial Services Authority Regulation Number 51/Pojk.03/2017 concerning the Implementation of Sustainable Finance.

In the regulation, there are provisions regarding Sustainable Financial Products and/or Services, namely financial products and/or services that integrate economic, social, and environmental aspects, as well as governance in their features. In addition, there are also provisions regarding the Sustainability Report, namely a report that is announced to the public that contains the economic, financial, social, and environmental performance of a financial service institution, issuer, and public company in running a sustainable business.

One form of environmental concern and good governance can be implemented through the implementation of green banking. The author proposes the application of green banking can be done through 3 things. First, environmental-based governance which includes green employees, green building and green reporting. Second, environmental which includes paperless and energy saving. Third, bank operations which include green financing, green investing and green products (green cards), which are shown in the conceptual framework below.

Green Operational in Islamic Bank

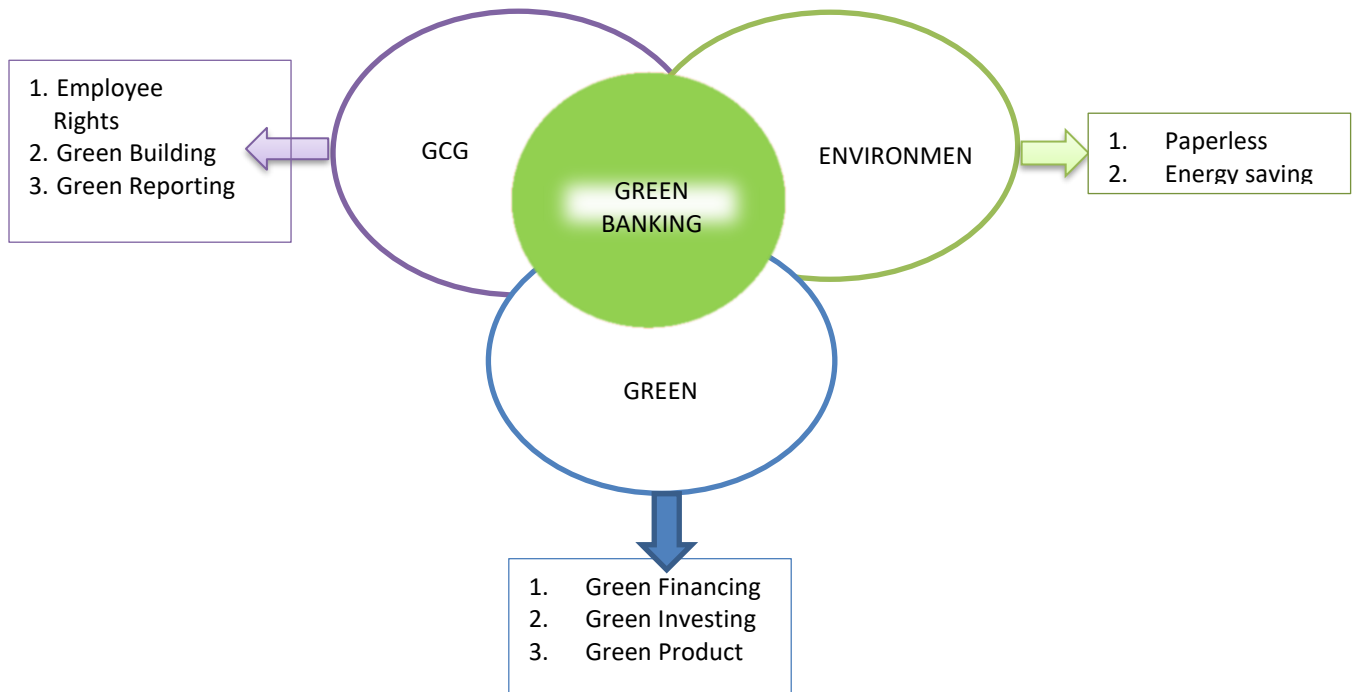
Green Financing

Green banking practices that can be applied include environmentally friendly banking practices that are implemented by promoting their customers to reduce their carbon footprint in their banking operations (Tara et al., 2015). The application of green banking can be done through green financing. The author believes that green financing can be implemented through 3 things.

First, Islamic banking can provide financing approval to corporates who apply for financing for environmentally friendly projects. These banking practices can provide a stimulus for customers, especially corporates who can become agents of change in increasing environmental awareness. This is in line with the Qur'an, which states "Eat and drink but do not waste time; Verily, He does not like excess

(Qur'an: 7:31). It can be said that green financing provides financial services to entrepreneurs and corporates that promote the preservation of natural resources and prevent environmental degradation and has broad benefits, namely encouraging the economy without exploiting nature.

Figure 1 Conceptual Framework



Second, the practice of green financing can be done by allocating financing, especially in sectors that are closely related to natural resources such as the agricultural sector, sustainable energy from wind, water, solar and biomass, and other environmentally friendly investments. This green financing can stimulate economic growth as well as campaign for environmental love. This is in line with Uddin (2016) that green financing has an essential purpose, namely to save the environment and not to exploit natural resources.

Third, Islamic banking can increase the percentage of green sukuk. Green sukuk express economic, environmental and Islamic values and have the potential to overcome some of the problems faced by green finance (Liu&Lai, 2021). Islamic banking can increase the proportion of green sukuk in terms of financing because green sukuk have favorable financing prospects and have received attention from the government.

As an illustration, the Government of Indonesia has introduced the Green Sukuk format with a 30-year tenor for the first time, which is also the first in the world, after consistently issuing Green Sukuk with a 5-year tenor every year since its debut in 2018. This publication proves its dedication and long-term commitment. Government for Green and sustainable financing, as well as pioneering financing methods in the effort to fight climate change. The Green Sukuk issued in this offering are the fourth global Green Sukuk issued based on the ROI of the Green Bond and Sukuk Framework (Ministry of Finance).

Green Investing

Green investing is when investor making an investment based on the company's policy, wether they supporting green economy or they financing the company that applied green economy. In this case, an investor would choose to buy bonds or stocks from the company that support SDG. This can be said that

green investing is when investor make a decision to invest their money into several firms based on the financial and ethical criteria (Barnea et al, 2004).

Organizations and firms already implementing green investing in their daily operational and policy. Recently most of companies realize the impact of green investing. It has increase and keep developing when firms use resources. They tend to maximize the efficiency of their resources without neglecting environmental issues (Chitimiea et al, 2021). Green investment also known as eco-friendly investment where it pay more attention to environmental, social and good governance issue. It also contemplate about socially or sustainable responsible investing (also known as SRI), and RI (responsible investing) (Inderst, 2012).

One of the implication of green investing is SRI (Social Responsible Investing). It focus on investing in firms or bond that benefit more people. Beneficiary of SRI can be felt at the ecological dimation. Because a sustainable ecology will increase the life quality of society. The strategy that commonly use for SRI is screening strategy where investor consider whether companies fulfill the requirements of good corporate governance or not. If they applied GCG when they conducting their business, then the investor would likely to choose their firm as a place to invest. It is also applied at choosing Islamic funds investment using SDG criterion will not bring negatice effect to their return (Yesuf, 2020). In addition it can be said that so implementing green investment will benefit Islamic banking as a whole.

Green Product (Green Credit Card)

Today, more and more companies are adopting marketing by promoting the company's image as a green company Leonidou et al (2011) to increase market share and performance. In this case, Islamic banking can adopt a green brand image to increase customer interest and increase customer environmental awareness through green products. This is in line with the statement from Gershoff and Frels (2015:101) that consumers consider product environmental attributes as important features.

From the banking side, it is important for banks to be able to innovate products, one of which is green cards. Moreover, when customers already have awareness about the importance of environmental sustainability, customers will tend to choose green products. In addition, marketing managers can also encourage customers' interest in choosing green card products through environmental education and product promotion as well as green product advertising through ATM screens and other electronic media.

The findings from Lei & Julie (2018) show that consumers with a high level of environmental concern and have a tendency to choose "green" credit card products. This shows that the selection of products such as green cards is motivated by the values of love for the environment. In addition, the selection of a green card shows that customers do not only see credit cards as a transaction tool but as a tool to contribute to environmental sustainability and campaign for environmental awareness.

Accommodating customer perceptions of the importance of this concern, Islamic banking can partner with credit card companies to market environmentally friendly credit cards to customers. Banks can provide attractive offers related to green credit by providing benefits such as offering a lower financing rate as a reward by partnering with organizations that care about the environment.

Next, banks can advertise environmental concerns in an attractive manner by placing advertisements on ATM monitor screens. Banks can also broadcast environmental awareness advertisements by using electronic media when customers are waiting in line to make certain transactions. It is hoped that customer interest in green products can increase.

Corporate Governance Green Banking in Islamic Bank Employee Rights

Green banking should participate in society well-being (Paluszak and Wisniewska, 2016). It is part of social responsibility. It is also in line with SDG where poverty, health problem, hunger, etc should be reduce or even gone. When this purpose is attained, the society will be more peaceful. Green banking is expected to become one of the agent to objectify sustainable development goals. One of the way to do this is using good corporate governance as a standard. And this standard should be applied in every party, including the employees.

Good corporate governance in green banking pay more attention to employee rights. This should give employee a chance to nurture themselves. Healthy relationship between employee and superior level or owner is a must. Employees rights including their rights to pursue education. It could be done in college, university or even seminars. Employee should be able to easily access health care. Bank must provide with health insurance or at least has their own medical facility.

Bank could send their employee on university or seminar that encourage the green banking concept. Or they can attend education at school that give concern to environmental issue. It could be use as a way to give proper education to those who needed while maintaining green banking concept at the same time. The other way to support employee rights is to provide living place for the employees. This living state can be in form of housing with green concept and partnership with company that support green economy.

Green Building

Green banking has so many aspects that would complete it's goals. One of the aspect is green building. Green building refers to building that use efficient energy while reducing their wastes and carbon dioxide emission. So they use less resouces in their daily activities (Bangladesh Bank, 2013; Bank of America, 2016).

The implication of green building will reduce the energy consumption and create more friendly environment for the employee. Islamic building use the same mindset when build a place by using more sunlight rather than lamp, use fresh air rather than depend on air conditioner, outdoor plantation which makes building more healthy and beautiful, and more consideration about the material of the building (Ali and Abdelmaksoud, 2014). “[Remember] when He overwhelmed you with drowsiness [giving] security from Him and sent down upon you from the sky, rain by which to purify you and remove from you the evil [suggestions] of Satan and to make steadfast your hearts and plant firmly thereby your feet” [Quran, 8:11]. as the Quran said, the nature phenomenon is a bless and we shall embrace it by maximizing it's use. Therefore green building is a better concept for Islamic building

Green building concept is nature friendly. in terms of sustainable development, more green building is equal to saving earth. Islamic banking should maximize their building by applying green building concept into their bank office. The component that should not be forgotten is cleanliness. “Cleanliness is part (half) of Iman” (HR. Ahmad, Muslim, and Tirmidzi). with this haditz, we have to make sure we are clean and we are surrounding by clean environment. That is why every building needs advance trash can. It purpose is to make the place healthy and clean, separating trash, and reducing dirt. Inside green building, it is best to provide people with several trash can instead of just one, or put it in every corner that possibly has so many people inside. It is one of the way to remind them about cleanliness.

Green Reporting

Green reporting includes publications on the contribution of banks to environmental care. For example, banks can publish funds for reforestation and paper recycling and other programs related to green programs. The report that contains the contribution of banks to environmental care is a sustainable report. The purpose of the sustainability report is to meet the needs of the present generation without compromising the ability of future generations to fulfill their life by paying attention to environmental and social aspects (Maria, 2014).

In Indonesia, through the Financial Services Authority Regulation Number 51 / Pojk.03/2017 concerning the Implementation of Sustainable Finance. The regulation contains provisions regarding Sustainable Financial Products and/or Services, namely financial products and/or services that integrate economic, social, and environmental aspects, as well as governance in their features. Next, the regulation contains provisions regarding Sustainability Reports, namely reports that are announced to the public that contain the economic, financial, social, and environmental performance of a financial service institution, issuer, and public company in running a sustainable business.

However, Islamic banking still needs to increase publications related to sustainable reports. Some examples of Islamic banks whose publications have not been completed since the issuance of the regulation include the National Pension Savings bank (BTPN), Mega Syariah bank, BJB Syariah, Central Asia Syariah Bank, Bukopin Syariah, Panin Syariah, Maybank Syariah and Permata Syariah. In fact, sustainability reporting activities can be said to be part of nature conservation, good corporate governance and can improve the company's financial performance. This statement is in line with Tarigan & Samuel (2014), Hussain (2015) that disclosure of environmental performance can have an effect on financial performance on the annual rate of return.

The benefit of Islamic banking that discloses sustainability reports is the opportunity for optimal stock returns and has a competitive advantage over companies that do not practice sustainability reporting. Khan (2019) examines that improving financial performance is closely related to increasing sustainable financial reporting. It is hoped that Islamic banking can increase transparency in reporting on sustainable hassles so that banks have a competitive position in the banking industry.

Environmental pada Green Banking in Islamic Bank

Save Energy

SDG implementation in terms of environment could be done in several ways. In Islamic financing, every operational activities is expected to adjust the principal of energy saving. It is cause by the demand energy raising that in contrast with the energy's availability. So it is best to use energy as efficient as it can while maintaining the productivity.

Efficiency of energy using can not be done immediately. More participant is needed to make ideal condition. These participant are policy makers (politic element) and financing sector (bank). This relates to the role of banks as providers of capital in various aspects. Financial developments are also believed to reduce energy consumption in general (Islam et al., 2013; Komal and Abbas, 2015). To support the energy saving movement, the bank can provide easier loan terms to companies that prioritize energy efficiency. Less energy use is also found in BRICS countries (Brazil, Russian, India, China, South Africa) where there is a reduction in carbon emissions associated with good financial development (Tamazian et al, 2009)

To saving more energy, bank should build their office with more green building concept. Bank should make the office bright by maximizing sun light. They should build greenhouse. Not only for the beneficial

of employee but also to take advantage of solar system energy. By using this, bank could be seen as green banking and become one of party that participate in achieving SDG.

Paperless

Islamic banking can apply paperless in carrying out its operational activities. For example, banks can reduce the promotion of products and services by using brochures. Instead, Islamic banking can increase the promotion of its products and services through cyberspace and electronic media. Islamic banking can avoid using paper work and take advantage of online transactions such as Internet banking, SMS banking and mobile banking. By applying paperless, there will be less tree cutting. This is in line with research from Kaur (2019) that paperless banking, not only reduces the cost of banking activities, but also preserves the environment.

From the business side, more and more Islamic banks are implementing paperless such as online banking, mobile banking can save bank operational costs. From customers, the paperless application can save energy, time and costs. Customers do not need to go to the bank to make financial transactions. It can be said that banks can improve their efficiency and implement green banking. According to Lalon (2015) the concept of green banking has been developed by western countries and initially the concept was aimed at minimizing the use of paper in banking because tree cutting causes a reduction in reforestation, a reduction in oxygen and an increase in carbon dioxide in the world.

Islamic banking can also contribute to preserving the environment by doing reforestation such as planting trees and doing paper recycling activities. These greening activities can improve the bank's brand image. Customers who also pay attention to environmental sustainability will not worry that their bank of choice will not contribute to nature conservation. This statement is in line with Fernando and Fernando (2016) that banks are in the process of introducing paperless and information technology-oriented banking products and services to customers and potential customers and banking is also focused on sustainable development.

E. CONCLUSION

In Indonesia, through the Financial Services Authority Regulation Number 51 / Pojk.03/2017 concerning the Implementation of Sustainable Finance. The regulation contains provisions regarding Sustainability Reports, namely reports that are announced to the public that contain the economic, financial, social, and environmental performance of a financial service institution, issuer, and public company in running a sustainable business. However, Islamic banking still needs to increase publications related to sustainable reports. Some examples of Islamic banks whose publications have not been completed since the issuance of the regulation include the National Pension Savings bank (BTPN), Mega Syariah bank, BJB Syariah, Central Asia Syariah Bank, Bukopin Syariah, Panin Syariah, Maybank Syariah and Permata Syariah. This indicates an opportunity that environmental issues are not yet one of the bank's main priorities. Therefore, the authors propose the application of green banking through 3 things. First, environmental-based governance which includes employees rights, green building and green reporting. Second, environmental which includes paperless and energy saving. Third, green bank operations which include green financing, green investing and green products (green cards).

Islamic Banking and green banking actually share the same concept. They both want to achieve the same goals which include social responsibility and environment issue. For the social responsibility, employees right should be achieved by every employee including education and medical facility. Green

building concept could be vary from efficiency use of every corner to nature friendly. And green reporting is transparency about reporting using technology.

For paperless and energy saving, it is related to environmental issues. Green banking should make every transaction paperless but maintaining efficiency of energy they use. For bank operation, green banking should consider the party they want to fund or the investor they tried to get. Bank should prioritize funding firms that support SDG. They also have to invest in firms that adjust their operation to sustainable development and apply green innovation concept-based activities. For the product, it is best if bank focus on funding or investing in green products and release green card.

The policy recommendations that can be suggested are:

1. Bank Muamalat has been good at publishing sustainable reports, namely from 2017 to 2020. However, there are Islamic banks that have not provided complete transparency of sustainable report (SR) reports include Sharia National Pension Savings bank (BTPN) which publishes sustainable report in 2017. 2019-2020 as well as Mega Syariah and BJB Syariah banks which publish sustainable reports only in 2020.

Several other examples of Islamic banks that have not published SR reports include Bank Cental Asia Syariah, Bukopin Syariah, Panin Syariah, Maybank Syariah and Permata Syariah. There are quite a number of Islamic banks that have not published the SR report, which is the reason for the importance of socialization related to environmental awareness and the need to improve good corporate governance. In fact, the Financial Services Authority has issued the Financial Services Authority Regulation Number 51/Pojk.03/2017 concerning the Implementation of Sustainable Finance. Therefore, the OJK, as the banking regulator, can provide rewards for banks that have successfully published sustainable reports.

2. Islamic banking could give more stimulus to the firms that applied SDG in their operational activities. Bank offer easier credit for this firms. Islamic banking could act as a financier to the firm that adjust their projects with green activity or show concern about environment issue. If the firm continue it's dedication towards susatainable development, then Islamic Banking could support their other projects.

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