



Green Banking, CSR, and Financial Outcomes in Pakistan

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ARTICLE INFO	ABSTRACT
<p>Received: November 06, 2025</p> <p>Revised: November 20, 2025</p> <p>Accepted: December 04, 2025</p> <p>Available Online: December 18, 2025</p> <p>Keywords: Corporate Social Responsibility (CSR), Banking Sector, Pakistan, Green Banking, Financial performance</p> <p>Corresponding Author: surayyajml@gmail.com</p>	<p>Green banking and corporate social responsibility (CSR) have become the important mechanisms that are contributing towards sustainable financial practices besides the realization of organizational performance objectives. With a background of Pakistan, mounting pressure on the banking industry is the need to incorporate elements of environmental sustainability and social responsibility into the general operations of the industry owing to regulatory provisions, stakeholder privileges, and international sustainability requirements. This paper examines how green banking initiatives, CSR practices and financial performance are related in Pakistani banks. Quantitative methodology was used to find data on employees and managers working in six large banks using a structured questionnaire which is founded on valid scales. The relationships between green banking adoption and CSR engagement and financial performance indicators were analyzed through statistical analysis, in which correlation, regression, and structural equation modeling were applied to identify the relationships. The results indicate that the implementation of green banking initiatives results positively in CSR implementation that consequently leads to improvement in profitability, operational efficiency and trust of stakeholders. This paper makes a contribution to the body of literature because it presents empirical evidence of the state in Pakistan, and the study introduces strategic importance of incorporating environmental and societal practices in the banking activities in an attempt to attain sustainable financial results.</p>

Introduction

The banking industry is at the heart of forming economic and environmental fabric of any given nation since it offers the financial support that the business and society needs to develop. This is as a result of the growing over the past few years where global and local stakeholders are insisting on banks incorporating sustainability in their operations, which have resulted in the development of green banking practices. Green banking is a collection of financial products and policies, whereby banking services and policies strive to minimize negative environmental impacts of banking, eco-friendly financing, and supporting sustainable development (Sinha & Mishra, 2017). It will include, but is not limited to financing renewable energy developments, the adoption of paperless banking technology, the encouragement of energy efficiency, as well as the minimization of the carbon footprint of banking establishments (Malik et al., 2019). Green banking approaches have become a regulatory prerequisite and a competitive need in Pakistan where green issues like energy inefficiencies, pollution and resource inefficiency remain a dominant issue.

The issue of corporate social responsibility (CSR) has also become popular as a way of business strategy of aligning business interests with societal demands of banks. Banking CSR can be described as the actions that focus on providing social, environmental, and community wellness and remain viable and efficient in their operations (Ali et al., 2020). Banks are involved in CSR by participating in philanthropic work, developing the financial literacy society, community development, employee welfare and environmentally responsible activities. There is also empirical data that CSR increases the trust of stakeholders, corporate reputation, and positively affects the financial performance by encouraging customer loyalty and bringing socially responsible investors (Khan et al., 2019). The adoption of CSR in Pakistani banks is not only influenced by voluntary ethical undertakings but by the State Bank of Pakistan regulations as well as international financial standards encouraging sustainable finance.

Green banking and CSR intersect are actually a new paradigm, where the environmentally conscious banking is incorporated within the broader social responsibility models. Green banking programs tend to be a subdivision of CSR, as they demonstrate the imperative of a company to take good care of the environment, as well as to promote the welfare of society (Singh & Kumar, 2018).

An example is that funding renewable energy projects does not only facilitate ecological sustainability and development but community development in terms of job creation and access to energy. In the same way, paperless banking saves on operations cost and carbon emission proving the school of thought assessing environmental responsibility and financial prudence. Ideally, these practices are founded on stakeholder theory which believes that companies are going to be successful in the long run by meeting the needs and conformations of several parties that encompass consumers, workers, stockholders, authorities and the society at large (Freeman, 1984).

The ultimate result of financial achievements in the banking sector is becoming more and more related to the use of the green and socially responsible practices. The research suggests that banks that have started CSR and green activities tend to be more profitable, have better operational efficiency, and retain clients more (Ahmad et al., 2020). Such a good relationship is justified by a number of mechanisms. To begin with, green banking and CSR activities minimize inefficiencies in operations including energy consumption and paper usage among others and this saves money. Second, such efforts improve the image of the brand, which grows the consumer confidence and the market share. Third, the strong legal risks are reduced by regulatory compliance which consists of environmental and social initiatives to guarantee alignment with the national and international standards (Malik et al., 2019). Despite these merits, there are limited empirical studies on the relationship between green banking, CSR and financial performance in Pakistan, which underscores the importance of context based studies that determine the relationship between these variables in the domestic banking activities.

There are a number of obstacles to the application of green banking and CSR in Pakistan. Banks usually have problems with resources, financial, technological and human capital as well that could represent barriers to the implementation of environmentally sustainable initiatives. Also, there is still the lack of awareness among stakeholders, such as employees and customers, which impacts the exposure to green and socially responsible products and services. However, there is also an indication that active implementation of sustainability measures can deliver financial and social benefits, and it would be a win-win situation of both banks and their stakeholders (Ali et al., 2020). Therefore, it is the key issue to determine how green banking projects will have an impact on the CSR performance and financial results of banks and to promote sustainable finance in Pakistan, the policy makers, banking managers, and investors should be prepared to grasp the idea.

The research is expected to fill the gap that exists in the literature since it seeks to employed an empirical analysis in studying the correlations between the adoption of green banking, CSR practices, and financial performance in the banking sector of Pakistan. It examines how environmental sustainability practices among the banks have elevated the CSR activity and also the financial performance of the banks. The study presents the insight into the ways in which green banking initiatives can be used as strategic resources to attain sustainable financial performance by incorporating the theoretical insights of the stakeholder theory and resource based view. It is believed that the findings will guide managerial decision-making, regulatory policy, as well as the model of developing the green banking and CSR strategies in Pakistan, which in turn will help develop a responsible and sustainable financial sector.

Literature Review

Green banking has become an important part of sustainable financial practices especially in the developing nations, as issues of environmental degradation and resource inefficiency are increasingly becoming a major concern. The nature of green banking concept is agglomeration of strategies and initiatives aimed to reduce the environmental implication of the banking activities, sustainable financing, and green investments (Sinha and Mishra, 2017). The green banking practices involve paperless transactions, energy saving infrastructure, funding renewable energy projects and encouraging environmental friendly lending practices. Researchers claim that such initiatives not only lead to ecological sustainability but also result in the financial gain of the banks themselves in terms of minimizing the operational costs, improving the brand image, and establishing positive relationships with the stakeholders (Malik et al., 2019). An example is the use of renewable energy projects to finance a loan by the banks as the green banking practices can diversify the loan portfolios by banks besides enhancing the welfare of the society, which exemplifies the twofold advantages of green banking.

Corporate social responsibility (CSR) has become a tool that is noted to have been used more and more as a strategic means towards improving the performance of firms as well as their long-term sustainability objectives. CSR is the voluntary business activity that provides benefits to society, and also supports organizational goals, which involve environmental, social, and governance (ESG) (Ali et al., 2020). Financial literacy programs, community development projects, employee welfare, and environmentally responsible banking operations are some of the CSR activities in the banking sector. Empirical evidence reveals that customer satisfaction, trust, and stronger relationships with regulators and investors are the outcomes of CSR engagement which, in turn, increases financial performance (Khan et al., 2019). CSR also facilitates innovation and organizational learning whereby companies come up with new products, process and services that are in tandem with the needs of the society and environmental standards (Turban and Greening, 1997).

Green banking and CSR are a convergence of the environment and social responsibility in banking. The green banking programs can be discussed as a subset of CSR as it shows the drive of a firm to the responsibility of the environment as a component of a

broader social responsibility strategy (Singh and Kumar, 2018). Banks can also be responsible and responsive to the expectations of the society by funding environmentally friendly projects, ensuring that their operations are green and involving the stakeholders in green projects. Research has indicated that banks that implement green banking activities as components of CSR records achieved positive financial performance because of elevated trustworthiness of stakeholders, enhanced performance, and adherence to policies put forward by regulators (Ahmad et al., 2020). Taking the case of green banking in the context of the CSR in emerging economies like Pakistan, where the environmental policies are still being implemented and people are increasingly aware of the sustainability, green banking can be an effective way of gaining competitive and reputational benefits.

The stakeholder theory offers a theoretical basis of the nexus between green banking, CSR, and financial performance. Freeman (1984) holds that firms, which are determined to succeed in the long run, meet the demands and expectations of various players, such as customers, employees, investors, regulators, and the society at large. In that sense, green banking and CSR activity can also be considered as the strategic reaction to the stakeholder requirements of sustainability and social responsibility. Banks that actively engage in environmentally responsible activities will gain goodwill and customer/investor loyalty, employee satisfaction and reduce riskiness and regulations to a large extent. This can be attested by empirical evidence, which indicates that stakeholder-oriented green bank program and CSR is positively linked to financial performance in both developed and developing country-based settings (Orlitzky et al., 2003; McWilliams and Siegel, 2000).

The resource-based perspective (RBV) also elaborates the role played by green banking and CSR activities in financial performance in terms of developing distinctive, valuable and inimitable organizational resources (Barney, 1991). By integrating sustainability in the activity of banks, they acquire the ability to unavoidably emulate by their competitors, including green operational practices, green financing knowledge, and green social governance architecture. These are provided as solutions to allow the banks to develop operational efficiency, cost savings as well as a competitive differentiation and ultimately leading to profitability (Hart, 1995). As a case in point, energy savings energy consuming banking infrastructure saves on utility expenses as well as indicating environmental seriousness to customers as well as regulators. Likewise, digital banking and paperless transaction systems have a direct correlation between sustainability efforts and financial performance as the efforts not only cause a decrease in environmental impact but also enhance the speed of operations and customer satisfaction.

Empirical studies conducted on the relationship between green banking, CSR and financial performance in Pakistan are also scarce but on the increase. Literature sources by Malik et al. (2019) and Ali et al. (2020) show that banks that adopt green practices have increased stakeholder confidence and customer satisfaction and profitability. The application of the green banking is especially actual to the export-oriented and large-scale banks, which are put under the growing pressure to meet the international environmental standards and sustainability criteria. On the other hand, smaller banking form of financial institutions may have limitations of resources and therefore no ability to engage into green practices. However, even low-cost action programs interventions, like the awareness campaigns, energy saving process, and paper reduction programs, can enhance operational performance and financial performance in small steps.

A number of studies also point out how green banking and CSR determine financial performance. To begin with, cost effectiveness is achieved through energy saving, lessened use of paper and optimum use of resources. Second, there is enhanced brand reputation and stakeholder involvement that results in higher levels of customer retention, investor trust and employee enthusiasm. Third, compliance with laws is made easier and legal risks decrease as well as compliance with national and international standards is achieved (Malik et al., 2019; Ahmad et al., 2020). A combination of these procedures forms a self-sustainable cycle where the production of environmentally and socially responsible processes leads to the economic and ecological results.

Although the country has these advantages, there are still issues of how to effectively execute the green banking and CSR in Pakistan. Banks are usually constrained by technological, financial and human resource constraints that they cannot execute the sustainability practices in totality. These initiatives require awareness and training to the employees, the management, and the customers which is highly needed but unmet in the Pakistani context. In addition, there may be inconsistency in implementation of regulations thus causing uncertainty as to the expected compliance. However, there is also evidence of the fact that with the careful and active implementation of green banking and CSR measures, these obstacles can be cleared, and tangible increases in profitability levels, efficiency, and corporate impact can be achieved (Khan et al., 2019).

Overall, the reviewed literature suggests that green banking and CSR are tied closely to each other and both have an effect of improving financial performance within the banking industry. The operational, reputational and regulatory benefits, when applied as a part of wider CSR strategy, that green banking initiatives bring collectively reinforce financial performance. These relationships have solid theoretical approaches based on theoretical frameworks like the stakeholder theory and the resource-based view which emphasize the need to balance sustainability practices on organizational strategy. Due to the lack of studies, the results of empirical research in Pakistan support the possibility of green banking and CSR to generate value to both the banks and the society. The proposed study will aim at adding to this base by conducting an empirical study of the correlation between the adoption of green banking, the involvement in CSR activities and the financial performance of the key Pakistani banks, and will give the idea of how environmental and socially responsible banking actions may lead to the sustainable profitability.

Methodology

Research Design

The scholarly work used a quantitative research design in analyzing the link between green banking activities, CSR activities, and financial performance in Pakistani banking industry. Cross sectional survey methodology was used and this provided opportunity to gather information of various banks at one point in time. The design can be used within testing hypotheses concerning the effect of the adoption of green banking on the CSR performance and financial performance. It is a deductive based research, based on theoretical frameworks such as the stakeholder theory and the resource-based view (RBV) according to which environmental and socially responsible practices generate strategic value to the firms (Freeman, 1984; Barney, 1991).

Population and Sample

The population was limited to employees and managers in the Pakistani banks (both state and privately owned) in major ones. The research involved those interested in CSR, operational management and financial decision-making as they are the ones who are more knowledgeable about both the green banking efforts and the organizational performance indexes. Stratified random sampling method was used in order to have representation by type of bank (public and private) and levels of the job (junior staff, mid-level staff and managerial staff). A total of six banks, three public and three privates, with 250 respondents were used in the study to obtain data. This sample was deemed sufficient in the application of the regression analysis and structural equation modeling (SEM) in testing hypothesis relationships.

Data Collection Instrument

The three key constructs which include green banking adoption, CSR engagement and financial outcomes were measured using a structured questionnaire that is built using validated scales in the existing literature. The adoption of green banking was determined using questions that included paperless banking, energy-saving operations, green financing, and green lending practices (Sinha and Mishra, 2017; Malik et al., 2019). Community development activities, programs that improve the welfare of the employees as well as environmental practices were used to measure CSR engagement (Ali et al., 2020). The purpose of the financial outcomes was measured through self-report measures which comprised profitability, operational efficiency, and market performance indicators (Ahmad et al., 2020). Every response was on a five-point Likert scale between 1 (Strongly Disagree) and 5 (Strongly Agree) in order to be consistent and easily answered. A pilot of bank employees was used to pre-test the questionnaire, and make it clear, relevant and wording.

Data Collection Procedure

The administration of questionnaires was done online and face to face, where the questionnaires were available and the respondent favored it. The participants were advised of the study objective, guaranteed the privacy of the research and trained on how to fill the survey properly. Data collection took a period of four weeks and follow-ups were done to ensure maximum response rates. Respondents were requested to make sincere evaluations of the eco-friendly banking procedures that are practiced by their banks, their CSR activities, and their financial performance.

Reliability and Validity

Determining the reliability of the measurement instrument was based on the use of Cronbachs alpha where all constructs greater than the suggested 0.70 value showed high internal consistency (Nunnally, 1978). To maintain construct validity, the previous studies were used to adopt items and the experts in the banking industry would be consulted in order to determine if the items apply in the Pakistani case. The comprehension and the suitability of items in the questionnaires were confirmed by a pilot study involving 20 respondents, who were able to comprehend the items in the questionnaires well.

Data Analysis

The analysis of data was conducted with the SPSS and SmartPLS software. Demographic variables and central tendencies of the variables were summarized using descriptive statistics. Correlation analysis was used to analyze the connection between the adoption of green banking, the engagement of CSR, and the financial outcomes and the predictive role of green banking on CSR and financial performance were tested using regression analysis. The structural equation modeling (SEM) was used to evaluate both direct and indirect effects of constructs that can give sound answers to whether there is a relationship between green banking initiatives and the financial performance and CSR practices, and how, CSR practices are affected. SEM was chosen because it can manage the latent variables, measure reliability, and test the complex interrelationships in one model (Hair et al., 2019).

Data Analysis and Findings

The sample size used in the research was 250 respondents employed in six large Pakistani based banks, three state-owned and three privately owned. The demographic showed that the gender was well distributed with 138 (55) of the respondents being males and 112 (45) being females. Most of the participants; 60, 30, and 10 respectively, were within the ages of 25-35, 36-45 and below 25, and above 45 respectively. In the area of education, they had 62 percent bachelors, 28 percent master and 10 percent diplomas or other qualification. Regarding experience, 40 percent of the respondents had 1-3 years of experience, 35% had 4-6 year old experience in the banking sector and 25 percent had 7-10 years' experience in the banking sector indicating a mixed work force which is comprised of both junior and mid-level professionals.

Table 1: Respondent Demographics (n = 250)

Variable	Category	Frequency	Percentage (%)
Gender	Male	138	55
	Female	112	45
Age	18–24	25	10
	25–35	150	60
	36–45	75	30
Education	Diploma/Other	25	10
	Bachelor's	155	62
	Master's	70	28
Experience (Years)	1–3	100	40
	4–6	87	35
	7–10	63	25

The descriptive statistics were calculated to determine the perceptions of the respondents regarding the adoption of green banking, CSR engagement, and financial achievements. Green banking activities scored 4.08 (SD = 0.59), which means the respondents think that their banks are up and doing in terms of energy conservation, going paperless and having environmentally friendly banking lending. The average scores in CSR engagements were 4.02 (SD = 0.62), which showed that they had positive perceptions towards community development, employee welfare and environmental responsibility programmes. The financial results also received an average mark of 3.95 (SD = 0.64), which indicates that the respondents perceive that green banking and CSR practices are the reasons or causes that lead to profitability, operational effectiveness, and the company as a whole.

Table 2: Descriptive Statistics of Variables

Variable	Mean	Standard Deviation
Green Banking Adoption	4.08	0.59
CSR Engagement	4.02	0.62
Financial Outcomes	3.95	0.64

The internal consistency of all constructs was checked with the help of reliability analysis based on Cronbach alpha. The adoption of green banking provided = 0.87, CSR engagement = 0.86, and financial outcomes = 0.84, which is higher than what is required = 0.70 (Nunnally, 1978) and this shows that the measurement scales are sound.

Table 3: Reliability Analysis (Cronbach Alpha)

Construct	No. of Items	Cronbach's Alpha
Green Banking Adoption	8	0.87
CSR Engagement	7	0.86
Financial Outcomes	6	0.84

Correlation analysis demonstrated that there were positive and significant associations between the key constructs. The positively correlated variables were between green banking adoption and CSR engagement ($r = 0.65, p < 0.01$) and financial outcomes ($r = 0.58, p < 0.01$). CSR attendance too had a positive relationship with financial performance ($r = 0.61, p < 0.01$) indicating that green banking activities indirectly improve money performance by way of CSR activities. These correlations show that there is very high correspondence between perceived organizational performance and sustainable banking initiatives.

Table 4: Correlation Analysis

Variable	1	2	3
1. Green Banking Adoption	1		
2. CSR Engagement	0.65**	1	
3. Financial Outcomes	0.58**	0.61**	1

The regression analysis proved that CSR engagement is largely predetermined by green banking adoption ($b = 0.63, t = 9.12, p < 0.001$) and the inverse is also true ($b = 0.59, t = 8.35, p < 0.001$). The direct regression of the green banking with the financial outcomes also revealed a large positive impact ($b = 0.52, t = 7.88, p < 0.001$), which confirmed green banking practices have direct and indirect positive effects on financial performance. The model had an explained variance of 42% in CSR engagement ($R^2 = 0.42$) and 38% in financial performance ($R^2 = 0.38$).

Table 5: Regression Analysis

Predictor	β	t-value	p-value
Green Banking → CSR	0.63	9.12	<0.001
CSR → Financial Outcomes	0.59	8.35	<0.001
Green Banking → Financial	0.52	7.88	<0.001

To determine the strength of the relationship between constructs, Structural Equation Modeling (SEM) was used. The positive and significant effect of green banking on CSR engagement ($b = 0.61, t = 9.35, p < 0.001$) and CSR engagement on financial outcomes ($b = 0.57, t = 8.92, p < 0.001$) was confirmed by SEM results. There was a satisfactory model fit that comprised convergent and discriminant validity. The item loading of all of the items was more than 0.70, and the average variance extracted (AVE) values were more than 0.50, which proved the construct validity. These findings underscore the fact that the adoption of green banking is taken to be some sort of strategic facilitator of CSR which in turn improves financial performance within the Pakistani banking industry.

Overall, the data analysis results in the solid evidence of the fact that the green banking programs, including energy-saving operations, paperless banking, and sustainable financing have a positive impact on the CSR engagement, which consequently leads to improved financial results. The findings highlight the strategic value of including practices of environmental and social responsibilities to banking operations and proves that sustainability initiatives generate both operational and financial value.

Discussion

The results of this paper can be taken as good empirical evidence that the activities of green banking have a strong impact on the CSR involvement and financial performance within the banking industry of Pakistan. The positive correlation and the regression

findings indicate that banks that have adopted an environmentally friendly business approach, paperless transaction, and environmentally conscious financing approach have a higher probability of adopting intensive CSR operations, which, in turn, leads to their increased profitability, efficiency of operations, and confidence among stakeholders in a bank. The discovery conforms to the existing literature that environmental responsibility is a subgroup of CSR and supports the idea that a strategic implementation of sustainability in the main banking activities entails quantifiable financial gains (Singh and Kumar, 2018; Ahmad et al., 2020).

In conceptual terms, the findings favor the stakeholder theory, according to which, by meeting the expectations of various stakeholders such as a customer, employees, and investors, and the society at large, it boosts the performance and sustainability of an organization in the long run (Freeman, 1984). Through green banking, the banks are also reacting positively to the requirements of the stakeholders that they should be green, thus not only enhancing the perception and trust of the people, but also enhancing the relationship between the bank and other regulatory bodies as well as the socially conscious investors. The green banking indirectly affecting financial performance through the CSR activity demonstrated the strategic importance of environmentally based CSR activities, proving that the sustainability initiatives are mechanisms of stakeholder alignment and of value creation.

The research also supports the conclusions of the resource-based view (RBV) that argues that the companies attain competitive advantage by specific, valuable and inimitable resources (Barney, 1991). The adoption of green banking will provide banks with unique opportunities: they will be highly qualified in the area of environmentally-friendly financing, energy-saving processes, and digitized systems of transactions, and other banks will find it hard to emulate them. Such capabilities are operational efficiency, cost saving, and improved financial management, which can be empirically supported by RBV in terms of sustainable banking in Pakistan. The results suggest that effectively combining the green practices in the operations of the banks could help to meet the economic, social and environmental goals at the same time, which supports the idea of the shared value creation (Porter and Kramer, 2011).

The research findings too can be applied to a real-life situation within Pakistani banking industry. To begin with, the fact that green banking and CSR engagement are positively related shows that banks should integrate systematically environmental practices into their CSR models. Paperless systems, energy conservation campaigns, and renewable energy investments can be effective and reputedly valuable CSR initiatives, and this would be economical. Second, the important correlation between CSR participation and financial performance implies that by cultivating the focus on the stakeholder-oriented sustainability activities, banks can gain profitability and attain greater operational effectiveness. The results are especially applicable to Pakistan, as the future of banking business is predetermined by regulatory forces, environmental issues and growing expectations of the stakeholders (Malik et al., 2019).

In addition to this, the article recognizes the relevance of employee knowledge and education to effective implementation of green banking and CSR programs. The respondents noted that systematic knowledge and employee participation are key in realising sustainable practices and this explains why earlier studies have linked organizational culture, employee engagement to successful CSR practices (Turban and Greening, 1997). With investor banks investing in employee training, workshops, as well as creating awareness programs, have a higher probability of realizing the quantifiable results in both CSR participation and financial accomplishment.

Nevertheless, there are certain issues concerning the practical implementation of green banking in Pakistan despite the positive results. Full scale implementation can be restrained by resource constraints, technology limitations as well as intermittent regulatory implementation. Nevertheless, the research indicates that even moderate green actions, including decreasing the paper consumption, energy saving strategies, and encouraging environment-friendly customer activity, can facilitate CSR engagement and enhanced financial results. This hypothesis is corroborated by the evidence of the world that it is possible to achieve sustainability without major capital needs but would result in immense financial and reputational gains when implemented in a strategic way (Ahmad et al., 2020; Ali et al., 2020).

Finally, it is concluded that green banking is a strategic facilitator of CSR activity, which in effect improves the financial performance. Sustainable profitability can be attained when banks in Pakistan pursue environmentally and socially responsible practices that both meet the expectation of the stakeholders and meet the requirements of regulatory frameworks as well as that of the unique organizational resources. The research paper has not only contributed to theory but also to practice as the empirical evidence on how green banking and CSR interrelate to generate value shows the essentiality of sustainable finance in enhancing the ability of the banking industry to be competitive, in the long run, and sustainable financial activities to be trusted by its stakeholders.

Conclusion

This paper shows that green banking efforts play a major and positive role in terms of CSR adoption and corporate performance in the Pakistani banking industry. Banks that can adopt environmental friendly services, which is reflected in the adoption of paperless operations, energy saving services, and sustainable financing, have better chances of undertaking all-inclusive CSR. The activities of these CSR, in its turn, contribute to profitability, efficiency of operations and trustworthiness of the stakeholders, which is considered to be the strategic importance of involving the environment and social responsibility in banking activity. Both the

stakeholder theory and the resource based view have been empirically supported by the findings which indicate that not only the satisfaction of stakeholder expectations and the nurturing of distinctive organizational capabilities in the area of sustainability is associated with long term competitive advantage. Generally, the analysis supports the claim that green banking is more than a compliance issue or an ethical issue but a strategic factor that leads to environmentally sound financial performance as well as favorable results to society and environment.

Recommendations

As the study results showed, some practical recommendations could be offered to banks, regulators, and policy-makers in Pakistan. To begin with, the banks are to develop green practices into the CSR frameworks systematically making sure that the environmental activities are synchronized with the social responsibility ones. Second, capacity building and employee awareness need to be put in the form of priorities since informed and engaged employees are critical in operationalization of sustainable practices. Third, green banking should be adopted by regulators and industry associations through encouragement and facilitation by putting clear guidelines, incentives, and monitoring mechanisms to cross over the resource and technological barriers. Fourth, banks must make sustainability their competitive advantage and apply green and socially responsible projects to promote their brand image, customer retention, and profitability. Lastly, even resource-deprived banks should implement incremental changes, like decreasing the number of papers used, and encouraging eco-friendly customer services since the two are contributing factors in CSR participation and efficiency in operations.

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