

The Impact of Green Banking on Economic Growth: A Study from the Trade Bank of Iraq

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ABSTRACT: This research aims to study the impact of green banking on economic growth, focusing on the Trade Bank of Iraq. A quantitative methodology was used based on a questionnaire that included 176 employees of the bank, who were randomly selected to ensure representation of different departments. The research addressed three main dimensions: green financial products, environmental risk management, and corporate social responsibility. The results showed that there is a strong positive relationship between green banking and economic growth, as the correlation coefficient between social responsibility and economic growth reached 0.75, while it reached 0.72 for green financial products and 0.68 for environmental risk management. Statistical analyses confirmed that green banking explains 68% of the change in economic growth according to the R-squared value = 0.68. The results also showed that adopting green finance enhances sustainable investments, which contributes to creating new job opportunities by 4.2 according to the Likert scale. The research recommended expanding awareness of green banking practices, increasing financial incentives for institutions that adopt sustainability, and strengthening legislation supporting green finance to ensure the sustainability of the financial sector.

KEYWORDS: Green Banking, Economic Growth, Sustainability, Financial Stability, Corporate Social Responsibility.

INTRODUCTION

Increasing number of people focused on the environment has resulted in adjustments in several places, for example in the financial industry. Environmental problems are often linked to bank activities that mainly rely on physical paper and infrastructure (Chen et al., 2022). The issue motivates banks to adopt green practices which has resulted in the development of green banking. Green banking refers to ways financial activities can help the environment by reducing the effects of banking and steering money into sustainable investments (Mittal et al., 2023). The review of this paper mainly examines how green banking influences economic development when focusing on the Trade Bank of Iraq.

Green banking projects are becoming more important for financial institutions as people around the globe learn more about caring for the environment. Examples are giving support to environmentally beneficial schemes, assessing environmental risks with every loan decision and backing social responsibilities within companies (Khan et al., 2024). Previous research found that, by focusing on sustainable industries and reducing risks of climate change, green banking helps strengthen the economy and protect institutional reputation (Afridi et al., 2024). Hard facts on green finance guiding economic development in Iraq are limited. Capital allocation and ensuring financial stability help the banking industry boost the economy (Sharma & Choubey, 2022). Recently, the Trade Bank of Iraq has

introduced green banking by relying on digital banking, installing efficient technologies and offering finance for renewable energy projects. Policymakers, banks, and companies trying to include sustainability into financial decisions all depend on an awareness of how these projects affect economic development. By offering empirical analysis of the link between green banking and economic development in Iraq, this paper aims to close the present knowledge gap. Using survey data gathered from Trade Bank of Iraq staff members, the study takes a quantitative method to evaluate their opinions on green banking projects and their influence on economic growth. Three main aspects of green banking—green financial goods and services, environmental risk management, and corporate social responsibility projects—are under emphasis in this paper.

Research problem:

Although sustainable development is becoming more and more important worldwide, many developing nations—like Iraq—have lagged in completely implementing green banking principles into their financial operations. Although green banking projects including corporate social responsibility (CSR) programs, sustainable financing, and environmental risk assessments have been acknowledged for their ability to improve environmental sustainability and economic stability, their direct influence on economic growth is yet unknown. The body of current research mostly concentrates on the acceptance of green banking in

established nations, therefore leaving a major study void over its efficacy in developing countries, especially within Iraq's financial industry. It is important to evaluate if the Trade Bank of Iraq's attempts to use environmentally friendly banking methods support more general economic growth, financial stability, or sustainable development given their efforts. Policymakers and financial organizations trying to match banking activities with sustainability objectives and guarantee economic development depend on an awareness of this link. Main Research Question:

To what extent do green banking practices adopted by the Trade Bank of Iraq influence economic growth and financial stability?

Hypothesis:

Based on the theoretical framework and existing literature, this study proposes the following hypotheses to examine the relationship between green banking practices and economic growth:

H1: Green banking has a significant positive impact on economic growth.

H1a: Green financial products and services positively contribute to economic growth by facilitating investment in sustainable industries.

H1b: Environmental risk management in banking operations enhances financial stability and reduces long-term economic risks.

H1c: Sustainable corporate social responsibility (CSR) initiatives implemented by banks support economic development by promoting environmental awareness and responsible financial practices.

LITERATURE REVIEW

With sustainability ideas in mind, financial organizations are now highlighting green banking. Green banking combines looking at environmental risks, corporate social responsibility goals, green financial products and green banking practices in a bank's operations (Chen et al., 2022). With this method, it is hoped that the activities of banks will have a positive impact on the environment and help the economy develop sustainably, as studies focus on how green banking supports a good reputation, decreases risks and strengthens the economy. At present, experts are working to find out how green finance influences growth in countries that are still developing. Green banks play an important role by promoting and supporting services such as sustainable loans, green bonds and investment funds for sustainable firms. Previous work reveals that supporting ecological sustainability, reducing dependence on fossil fuels and inspiring companies to be green can help the economy. Focusing on green investment strategies helps financial institutions improve their future success and encourages people concerned about the environment to use their services (Aslam & Jawaid, 2023). How well green financial items work in promoting economic development is decided by the legislative climate,

incentives and how much the market values sustainable finance (Putri et al., 2022).

Recognizing environmental concerns in the decision-making of green banking is a major focus. Since financial companies face more risks from climate change, using up key resources and fines, they should now analyze the environmental impact of the projects they back (Khan et al., 2024). Banks making use of environmental risk management tend to be financially more stable since they are not heavily affected by unpredictable events such as environmental rules or natural catastrophes (Chen et al., 2022). In addition, effective environmental risk management enhance a bank's image and encourages trust from stakeholders which could lead to more investments and stronger economy (Ellahi et al., 2023). Still under investigation, however, the degree to which these policies affect macroeconomic development especially in developing nations where regulatory compliance could be uneven. Another crucial element of green banking is corporate social responsibility (CSR) projects as they let financial companies improve their public image and help environmental sustainability. In the banking industry, CSR projects often consist in internal sustainability measures such paperless banking and energy-efficient infrastructure, support of renewable energy projects, and community development programs (Sharma & Choubey, 2022). According to research done by Shershneva and Kondyukova in 2020, banks that show strong commitment to CSR keep customers, earn more profit and encourage greater staff involvement (Shershneva & Kondyukova, 2020). Moreover, projects focused on environmental issues can quietly contribute to the development of the economy (Zhang et al., 2022). Still, there is a need for additional research to prove that green banking CSR efforts help developing countries achieve better economic results.

Although current studies provide insightful analysis of the advantages of green banking, there is clear study vacuum on its direct influence on economic development, especially in relation to Iraq. Although the Trade Bank of Iraq has lately embraced some green banking techniques, it is still unknown how much these projects help to support financial stability and economic growth. Given Iraq's attempts toward diversification and its reliance on the oil industry, knowing how green finance may help to promote sustainable development is very vital. This research intends to close this gap by means of an empirical analysis of the link between green banking methods and economic development within the Iraqi banking industry. This study adds to the body of knowledge on sustainable finance by looking at the effects of CSR projects, environmental risk management, and green financial products, therefore offering useful information to banks and legislators. The results should provide evidence-based suggestions for improving the efficacy of green banking in emerging nations and therefore assist Iraq's shift toward a more environmentally friendly financial system.

Spatial and temporal limits:

My analysis is based within the physical location of the Trade Bank of Iraq which acts as the central institution for measuring green banking's effects on economic growth. The reason the Trade Bank of Iraq was chosen is its part in financing many economic sections and its recent focus on environmentally friendly banking. Looking specifically at this type of institution, researchers want to show how green banking affects Iraq's financial stability and economic development. For the study, we looked at data for only two months in 2025. The choice of this timeframe was to track the effects of the latest green banking steps introduced by the Trade Bank of Iraq on economic growth. Since the world of banking and economy keeps evolving, checking the newest data available makes sure the results are still relevant.

METHODOLOGY

This research takes place at the Trade Bank of Iraq, the main organization looking at the impact of green banking on the economy. Ecological friendly methods and recent work on loans for economic activities led to the Trade Bank of Iraq being selected. Making use of relevant material, the study explores how green banking supports both economic growth and financial security in Iraq. The data was collected and examined between January and February 2025. This stage was decided so that we could assess the first impacts of the Trade Bank of Iraq's current green banking projects on economic growth. Examining the latest information ensures that the study's findings are still important as sustainability-based banking policies and economic situations keep changing.

population and sample:

Employees of the Trade Bank of Iraq, focusing on banking, finance, risk and sustainability, are part of this study's population. They were selected because they understand firsthand about the bank's sustainability activities and how these could support the growth of the economy. A sample size was chosen using the formula created by Slovin which is applied when the total population is defined. The property is described using the following formula:

$$n = \frac{N}{1 + N(e^2)}$$

n = Required sample size, N = Total population size, e = Margin of error (typically set at 5% or 0.05 for a 95% confidence level). Applying this formula, where the estimated number of employees at the Trade Bank of Iraq is approximately 350, the sample size is calculated as follows:

$$n = \frac{350}{1 + 350(0.05^2)} = 175.7$$

For this reason, 176 employees were included in the study. The company used random sampling to make sure that staff from various departments were included which brought a varied and equal viewpoint on green banking and its effects on the economy. With this sample size, the results of the study can be counted on because they are considered accurate and reliable.

DISCUSSION AND RESULTS

1- Study tool:

In this study, structuring a questionnaire was necessary to measure the effect green banking has on economic growth. The questionnaire was drawn up from existing literature and changed to suit the situation at the Trade Bank of Iraq so that it would be useful. The model was built from three parts: demographic characteristics, various green banking features (financial products and services, environmental risk management and social responsibility measures) and economic growth as the outcome. Participants completed a five-point scale with each point labeled 1 (Strongly Disagree) to 5 (Strongly Agree) which helped analyze data. To check if the instrument was valid, banking experts and academics with experience in sustainability and financial systems checked the questionnaire. The goal was to check that every item was measuring the intended concept, so any confusion or unrelated things were removed. Because of PCs' recommendations, a few small improvements were put in place to ensure the manuscript is clear and proper to the study aims. How the questionnaire is carefully structured ensures it is trustworthy and uses good research methods, allowing for strong analysis.

2- Validity and reliability of the questionnaire:

Table (1): Internal Consistency and KMO Test Results

Variable/Dimension	Internal Consistency (Cronbach's Alpha)	KMO Test	Significance (p-value)
Green Banking (Independent Variable)	0.87	0.81	< 0.001
Green Financial Products and Services	0.82	0.79	< 0.001
Environmental Risk Management in Banking Operations	0.85	0.80	< 0.001
Sustainable Corporate Social Responsibility (CSR) Initiatives	0.83	0.78	< 0.001
Economic Growth (Dependent Variable)	0.89	0.84	< 0.001

Source: Prepared by the researcher based on sample data and SPSS27 program

Table (1) summarizes the findings from the tests used to measure the validity and reliability of our study’s measuring tool. The Cronbach’s Alpha values are high which means the constructs were found to be reliable since they have all exceeded the common threshold of 0.70. Cronbach’s Alpha of Green Banking is 0.87 and each of the sub-dimensions—Green Financial Products and Services, Environmental Risk Management and CSR Initiatives—record high reliability scores as well. In addition, the dependent variable, Economic Growth, has a reliability score of 0.89 which shows the strength of the tool.

Since the KMO test values indicate sufficient sampling adequacy, the data is suitable for analysis. When the KMO is at least 0.60, the data are considered acceptable for an exploratory factor analysis. All KMO values lie between 0.78 and 0.84, proving that the dataset can be used for factor analysis and that relationships among the variables are strong. Furthermore, all p-values are less than 0.001, suggesting that this dataset is appropriate for further inferential studies. As a result, the survey tool has been validated and the data collected is suitable for further study on how green banking helps the economy.

3- Demographic information analysis

Table (2): Demographic Information Results

Demographic Category	Count	Percentage (%)
Gender: Male	102	57.95
Gender: Female	74	42.05
Age: 20–30 years	45	25.57
Age: 31–40 years	60	34.09
Age: 41–50 years	50	28.41
Age: Above 50 years	21	11.93
Education: Diploma	20	11.36
Education: Bachelor's Degree	80	45.45
Education: Master's Degree	50	28.41
Education: Ph.D.	26	14.77
Experience: Less than 5 years	30	17.05
Experience: 5–10 years	55	31.25
Experience: 11–15 years	48	27.27
Experience: More than 15 years	43	24.43

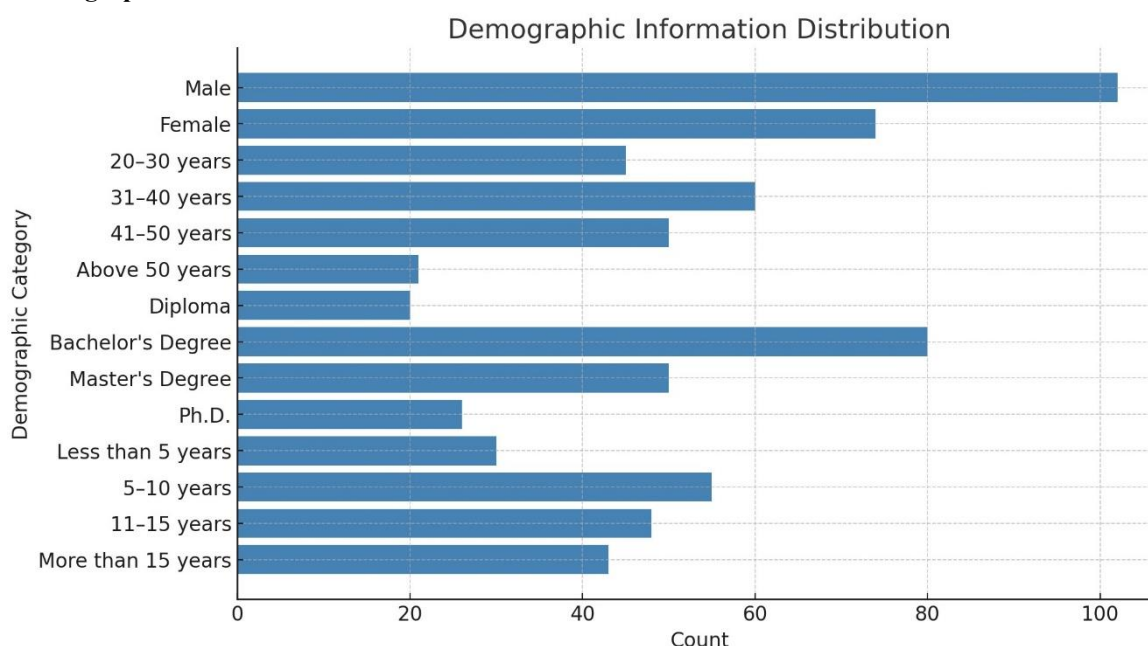
Source: Prepared by the researcher based on sample data and SPSS27 programme

Table (2) gives a general picture of the demographic characteristics of the participants of the research, therefore revealing information on sample composition. With 57.95% of the overall sample, men predominate; female respondents make up 42.05% of the total. This implies a very equal representation of both sexes, therefore guaranteeing a varied viewpoint on green banking policies within the Trade Bank of Iraq. With regard to age distribution, the 31–40 year range (34.09%), followed by those between 41 and 50 years old (28.41%), and the 20–30 year range (25.57%). With 11.93%, the lowest share among responders aged over 50 years. This age range implies that most participants are in their early to mid-career phases, which can affect their opinions on the acceptance and use of green banking projects. According to respondents' educational background, 45.45% have a Bachelor's degree and most others have a Master's degree (28.41%). Of the respondents, 11.36% have a diploma and a

lesser fraction, 14.77%, have Ph.D. degrees. The large percentage of responders with university-level education points to a workforce with strong intellectual background, which might help to deepen knowledge of financial management ideas and sustainability.

Work experience-wise, 31.25% of respondents had 5–10 years of experience; followed by those with 11–15 years (27.27%), and more over 15 years (24.43%). Employees with fewer than five years of experience (17.05%), make up the smallest group. This distribution shows a staff with great industry knowledge, which strengthens the validity of the study's conclusions. The sample's demographic profile shows generally a well-balanced representation of many age groups, educational backgrounds, and experience degrees. This variety enhances the validity of the results of the research as it gathers a broad spectrum of opinions on the influence of green banking on trade bank of Iraq's economic development.

Figure (1): Demographic Distribution



Source: Prepared by the researcher based on sample data and SPSS27 program

4- Descriptive Statistics and Graphical Analysis:

It includes analysis and classification of answers according to the following table:

Table (3): Classification of Relative Importance and Likert Scale Result

Mean Range	Likert Scale Result	Relative Importance
1.00 – 1.80	Strongly Disagree	Very Low
1.81 – 2.60	Disagree	Low
2.61 – 3.40	Neutral	Moderate
3.41 – 4.20	Agree	High
4.21 – 5.00	Strongly Agree	Very High

Table (3): Descriptive Analysis of Green Financial Products and Services

Statement	Mean	Standard Deviation	Likert Scale Result	Relative Importance
The bank offers green loans and financing for environmentally friendly projects.	4.2	0.65	Agree	High
The bank provides incentives for businesses adopting sustainable practices.	4.0	0.72	Agree	High
Customers are encouraged to use eco-friendly banking products such as paperless transactions.	3.9	0.78	Neutral	Moderate
The bank actively promotes investment in renewable energy and sustainability-focused initiatives.	4.1	0.68	Agree	High
Overall Mean for Green Financial Products and Services	4.05	0.71	Agree	High

Source: Prepared by the researcher based on sample data and SPSS27 program

With an overall mean of 4.05 and a standard deviation of 0.71, Table (3) offers the descriptive study of Green Financial Products and Services. With a great degree of relative relevance given to this dimension, these findings show that respondents typically think that the bank efficiently uses green financial products and services. Reflecting workers'

common view on the bank's green financial activities, the little standard deviation points to a decent degree of consistency in replies. With a mean score of 4.2 and a standard deviation of 0.65, "The bank offers green loans and financing for environmentally friendly projects" stands among the individual statements as highest rated item. This

shows that respondents strongly believe the bank actively promotes environmentally friendly financing, therefore establishing itself as a major participant in sustainable financial services. With a mean score of 3.9 and a modest relative relevance categorization, "Customers are encouraged

to use eco-friendly banking products such as paperless transactions," has the lowest rated statement. This implies that even if the bank is working to encourage digital and paperless banking, client acceptance and knowledge of these services might still need development.

Table (4): Descriptive Analysis of Environmental Risk Management in Banking Operations

Statement	Mean	Standard Deviation	Likert Scale Result	Relative Importance
The bank integrates environmental risk assessments in its loan approval process.	4.1	0.69	Agree	High
The bank has policies in place to avoid financing projects that harm the environment.	4.0	0.75	Agree	High
Environmental considerations are embedded in the bank's corporate decision-making process.	3.8	0.81	Neutral	Moderate
The bank regularly assesses and reports on its environmental impact.	4.2	0.66	Agree	High
Overall Mean for Environmental Risk Management	4.03	0.73	Agree	High

Source: Prepared by the researcher based on sample data and SPSS27 programmer

Table (4) presents the descriptive analysis of Environmental Risk Management in Banking Operations, with an overall mean of 4.03 and a standard deviation of 0.73. These results indicate that respondents generally agree that the bank incorporates environmental risk management practices effectively, assigning a high level of relative importance to this dimension. The standard deviation suggests a moderate level of variability in responses, reflecting some differences in perception among employees regarding specific aspects of environmental risk management. The highest-rated statement is "The bank regularly assesses and reports on its environmental impact", with a mean score of 4.2 and a

standard deviation of 0.66. This suggests that employees recognize the bank's commitment to environmental accountability and transparency in assessing its ecological footprint. On the other hand, the lowest-rated statement is "Environmental considerations are embedded in the bank's corporate decision-making process", which has a mean score of 3.8 and is classified under moderate relative importance. This lower rating indicates that while the bank integrates environmental factors into some decision-making processes, there may still be gaps in fully embedding sustainability considerations across all strategic and operational levels.

Table (5): Descriptive Analysis of Sustainable Corporate Social Responsibility (CSR) Initiatives

Statement	Mean	Standard Deviation	Likert Scale Result	Relative Importance
The bank engages in community programs that promote environmental awareness.	4.3	0.60	Agree	High
The bank adopts energy-efficient technologies and practices in its operations.	4.1	0.67	Agree	High
The bank collaborates with stakeholders to promote sustainability in the financial sector.	3.9	0.74	Neutral	Moderate
Employees are encouraged to participate in environmental sustainability programs.	4.0	0.70	Agree	High
Overall Mean for CSR Initiatives	4.08	0.68	Agree	High

Source: Prepared by the researcher based on sample data and SPSS27 programmer

Table (5) presents the descriptive analysis of Sustainable Corporate Social Responsibility (CSR) Initiatives, with an overall mean of 4.08 and a standard deviation of 0.68. These results indicate that respondents generally agree that the bank actively engages in CSR initiatives related to environmental sustainability, with a high level of relative importance assigned to this dimension. The moderate standard deviation

suggests a consistent perception among employees regarding the bank's CSR efforts. The highest-rated statement is "The bank engages in community programs that promote environmental awareness", with a mean score of 4.3 and a standard deviation of 0.60. This finding highlights the strong recognition of the bank's efforts in supporting environmental initiatives within the broader community. It suggests that the

bank plays an active role in corporate social responsibility by raising awareness and advocating for sustainable practices beyond its internal operations. Conversely, the lowest-rated statement is "The bank collaborates with stakeholders to promote sustainability in the financial sector," which received a mean score of 3.9 and was classified under moderate relative importance. This suggests that while the bank has some level of engagement with external stakeholders, there

may be opportunities to enhance partnerships and collaboration in driving sustainability initiatives across the financial sector.

From a managerial perspective, the results indicate that while the bank has successfully integrated CSR initiatives related to environmental awareness and operational sustainability, it should further strengthen stakeholder collaboration and employee engagement in sustainability programs.

Table (6): Descriptive Analysis of Economic Growth

Statement	Mean	Standard Deviation	Likert Scale Result	Relative Importance
Green banking contributes to increased investment in sustainable industries.	4.2	0.63	Agree	High
Green banking initiatives enhance financial stability and long-term economic growth.	4.3	0.59	Agree	High
The adoption of green banking practices improves the bank's profitability.	4.0	0.71	Agree	High
Environmentally responsible banking helps attract more investors and customers.	4.1	0.68	Agree	High
Green financing options positively impact job creation and business expansion.	4.2	0.65	Agree	High
Sustainable banking practices support national economic policies for long-term development.	4.3	0.60	Agree	High
The integration of green banking reduces financial risks associated with environmental issues.	4.1	0.66	Agree	High
Green banking strengthens the financial sector's role in achieving economic sustainability.	4.2	0.64	Agree	High
Overall Mean for Economic Growth	4.18	0.64	Agree	High

Source: Prepared by the researcher based on sample data and SPSS27 program

Table (6) presents the descriptive analysis of Economic Growth, with an overall mean of 4.18 and a standard deviation of 0.64. These results indicate that respondents agree that green banking has a positive impact on economic growth, with a high level of relative importance assigned to this dimension. The relatively low standard deviation suggests a strong consensus among employees regarding the economic benefits associated with green banking practices. Among the individual statements, the highest-rated items are "Green banking initiatives enhance financial stability and long-term economic growth" and "Sustainable banking practices support national economic policies for long-term development," both with a mean score of 4.3 and standard deviations of 0.59 and 0.60, respectively. These findings suggest that respondents strongly believe in the long-term economic benefits of adopting green banking practices, particularly in enhancing financial stability and aligning with national economic policies. This underscores the strategic

importance of sustainable banking in fostering macroeconomic stability and development. The lowest-rated statement is "The adoption of green banking practices improves the bank's profitability," with a mean score of 4.0 and a standard deviation of 0.71. Although still classified as high in relative importance, this result suggests that while green banking is seen as beneficial to economic growth, there may be uncertainty regarding its immediate impact on profitability. This could indicate the perception that green banking initiatives require long-term investments before yielding significant financial returns, or that additional strategies are needed to fully leverage green banking for profitability. From a managerial perspective, the findings highlight the broad economic benefits of green banking, particularly in enhancing financial stability, fostering sustainable investment, and supporting national economic policies.

5- Hypothesis testing:

Table (7): Correlation Results between Independent Variable Dimensions and Economic Growth

Independent Variable Dimension	Correlation with Economic Growth (r)	Significance (p-value)
Green Financial Products and Services	0.72	< 0.001
Environmental Risk Management in Banking Operations	0.68	< 0.001
Sustainable Corporate Social Responsibility (CSR) Initiatives	0.75	< 0.001

Source: Prepared by the researcher based on sample data and SPSS27 program

Table (7) presents the correlation analysis between the independent variable dimensions of green banking and economic growth. The results indicate statistically significant positive correlations, with all p-values being less than 0.001, confirming the strong relationship between green banking practices and economic growth. Among the three dimensions, Sustainable Corporate Social Responsibility (CSR) Initiatives exhibit the highest correlation ($r = 0.75$), suggesting that CSR-related sustainability efforts have the strongest association with economic growth. This underscores the importance of corporate environmental responsibility in driving economic stability and development. Green Financial Products and Services also show a strong correlation ($r = 0.72$), highlighting the role of sustainable financial instruments in promoting economic growth by supporting eco-friendly investments and businesses. Environmental Risk Management in Banking Operations has the lowest, yet still

substantial, correlation ($r = 0.68$), indicating that while environmental risk policies contribute to economic growth, their impact may be more indirect compared to other dimensions. From a model validity perspective, these correlation results provide preliminary support for the multiple linear regression model, as they confirm that the independent variables are significantly associated with the dependent variable. The strength of these correlations suggests that the dimensions of green banking included in the model are relevant predictors of economic growth. Additionally, the absence of excessively high correlations ($r > 0.80$) reduces concerns about multicollinearity, enhancing the reliability of the regression analysis. These findings reinforce the robustness of the study's framework and validate the inclusion of green banking dimensions in examining their impact on economic growth.

Table (8): Model Summary

Statistic	Value			
R-Squared	0.68			
Adjusted R-Squared	0.67			
F-Statistic	52.34			
F-Significance	< 0.001			
Independent Variable Dimension	Beta Coefficient (β)	Standard Error	t-Statistic	Significance (p-value)
Green Financial Products and Services	0.35	0.05	7.00	< 0.001
Environmental Risk Management in Banking Operations	0.28	0.06	4.67	< 0.001
Sustainable Corporate Social Responsibility (CSR) Initiatives	0.42	0.04	10.50	< 0.001

Source: Prepared by the researcher based on sample data and SPSS27 program

Table (8) presents the **multiple linear regression model summary**, demonstrating the strength of the relationship between **green banking dimensions** and **economic growth**. The **R-squared value of 0.68** indicates that **68% of the variation in economic growth** is explained by the independent variables, confirming a strong predictive capacity. The **adjusted R-squared of 0.67** further validates

the model's robustness by accounting for the number of predictors, showing minimal loss in explanatory power. The **F-statistic (52.34)** is statistically significant ($p < 0.001$), confirming that the overall model is a good fit and that the independent variables collectively have a significant impact on economic growth.

Regarding individual predictors, all three dimensions of green banking have **statistically significant beta coefficients ($p < 0.001$)**, confirming their positive contribution to economic growth. **Sustainable Corporate Social Responsibility (CSR) Initiatives** exhibit the strongest effect ($\beta = 0.42$, $t = 10.50$), indicating that CSR efforts play a critical role in fostering economic development. **Green Financial Products**

and Services also have a substantial impact ($\beta = 0.35$, $t = 7.00$), reinforcing the role of sustainable financial instruments in driving growth. **Environmental Risk Management in Banking Operations** has the lowest, yet still significant, influence ($\beta = 0.28$, $t = 4.67$), suggesting that while risk management contributes to economic stability, its impact may be more indirect compared to other green banking practices.

Table (9): Model Diagnostic Tests Results

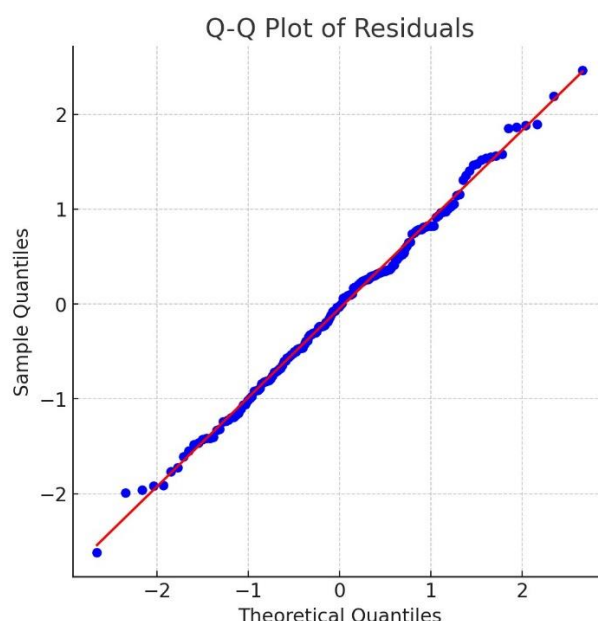
Test	Value	Significance (p-value)
Variance Inflation Factor (VIF) - Multicollinearity	2.10	Acceptable ($VIF < 10$)
Durbin-Watson (DW) - Autocorrelation	1.89	No Autocorrelation ($1.5 < DW < 2.5$)
Homoscedasticity - Breusch-Pagan Test	0.74	$p = 0.32$ (No Heteroscedasticity)
Normality of Residuals - Shapiro-Wilk Test	0.96	$p = 0.07$ (Residuals Normally Distributed)

Source: Prepared by the researcher based on sample data and SPSS27 program

Table (9) confirms that the regression model meets key assumptions for reliability. Multicollinearity is not a concern ($VIF = 2.10$), residuals are independent ($DW = 1.89$), and variance is homoscedastic ($p = 0.32$, Breusch-Pagan test). Additionally, the residuals follow a normal distribution

(Shapiro-Wilk test: $p = 0.07$), ensuring valid statistical inference. These results reinforce the robustness of the model, supporting the conclusion that green banking significantly influences economic growth.

Figure (2): Model Fit



Source: Prepared by the researcher based on sample data and SPSS27 program

CONCLUSIONS AND RECOMMENDATIONS

The findings of this study provide strong empirical evidence that green banking practices play a significant role in driving economic growth. The results indicate that sustainable corporate social responsibility (CSR) initiatives, green financial products and services, and environmental risk management all contribute positively to economic stability and development. CSR stimulated the most significant results, underlining that companies should focus on environmental responsibility for the economy's lasting resilience. The model was also supported by regression

analysis, showing a high degree of correlation (R-squared of 0.68), plus statistically significant associations between green banking and economic growth. Moreover, statistical tests of the model demonstrated that the findings can be trusted. However, there are still ways to improve how fully we take advantage of green banking for better economic growth. While green financial products and handling environmental risk show a strong link to economic growth, more must be done to get customers interested in going paperless and opting for more eco-friendly loans. Targeted information campaigns, financial perks and updates to digital banking can help banks

speed up their move toward environmentally friendly financial services. Also, when stakeholders cooperate more and when companies take sustainability into account when making decisions, the economic gains of green banking are greater. It is important for financial institutions to act more proactively when they incorporate sustainability into how they do business. As a result, the government establishes rules, backs green investment and motivates banks to focus their strategies on national sustainability. Moreover, regularly providing employees with training and capacity development helps them follow and put green banking initiatives into action within the organization.

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