

## **GREEN BANKING AS A PROGRESSIVE FORMAT OF FINANCIAL ACTIVITI IN TRANSITION TO SUSTAINABLE ECONOMY**

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Transitioning towards environmentally sustainable economic development necessitates higher investments in low-carbon production, energy efficiency, and infrastructure enhancement. Establishing an eco-responsible banking system is crucial for directing investments towards environmentally significant projects, particularly in the realms of energy efficiency and renewable energy.

Environmental challenges have directed modern researchers to find ways of economic development: now is discussing the transition from a model of "uncontrolled, rash" growth to a model of "green" growth based on the principles of responsibility and stability. In this context, the banking sector is seen as a key facilitator in the implementation of green projects.

In contemporary society, the role of social and environmental responsibility among participants in financial transactions has become a pressing issue. The challenge lies in the fact that financial organizations, benefiting economically from their interactions with the environment, often overlook the ecological impact of their activities. This lack of consideration for ecological improvement does not contribute to the conducive conditions for overall human development in the long run. Therefore, recognizing the eco-responsible consciousness of present-day financiers is crucial as an integral component in the transition towards a green economy.

In the context of environmental turbulence, a responsible business models becomes great importance to minimize the negative consequences of "unsustainable", strategically negative for the planet models of production and consumption.

In the context of sustainable development, responsible banking prioritizes social, ethical, and environmental standards in financial intermediation in addition to other economic

considerations. Such researchers as S. Bahl, N. Biswas, S.Cornée and A.Szafarz, S.Garg, R.M.Lalon, V.Nath, N. Nayak and A.Goel, N.Kapoor, N.Singh and B.Singh characterize the responsible banking in the context of "green" banking theory. It is based on a combination of economic impact, environmental benefit, and future social benefit. Advocates of "green" banking have a valid point when they say that greening financial solutions not only keeps economic benefits possible but also helps develop a successful market strategy for solving various environmental issues (climate change, declining biodiversity, deterioration of air and water quality, energy saving, etc.). For instance, according to Raad Mozib Lalon, "green banking" refers to any type of banking that improves the environment for the sake of the nation. According to him, a regular bank can become a "green" bank by focusing its operations on enhancing the environment and implementing plans that would guarantee both environmental and economic progress.

The authors L. San-Jose, L. Retolaza, and Gutierrez-Goiria, E. Paulet, M. Parnaudeau, and F. Relano, V.S. Chew, L.H. Tan, and S.R. Hamid all address the issue of "ethical" banking in their works. They claim that this is a banking idea founded on ethical, socially inclusive, environmentally conscious, and economically efficient principles. Islamic finance, which is founded on moral, religious, and environmental principles, is one example of this.

The authors of the paper, K.Mettenheim and O.Butzbach, introduced "alternative" banking as a novel kind of business that combines social and environmental goals with financial gains.

In foreign literature, there's a prevalent perspective that the banking sector serves as the primary driver of green innovation within the financial industry. It's widely believed that environmentally responsible banking sets the groundwork for a sustainable and fulfilling life for future generations. Scholars note that "green" banking embodies a proactive and intelligent approach by bank managers who recognize that current environmental preservation efforts are essential for the well-being of future generations. Additionally, N. Singh and B. Singh

emphasized that the viability of the banking industry is inversely correlated with the extent of global warming.

The paper by B.R. Bhardwaj and A. Malhotra expresses a similar viewpoint, stating that "green" banking is an innovative strategy based on the introduction of technologies, processes, and products that significantly reduce carbon emissions and support the sustainable development of the banking industry. It is believed that the "green" imperative changes the extensive form of motivation of the three "P": "Profit, Profit, Profit" into a responsible other three "P": "Profit, People, Planet" in the collective work on the research of "green" financial technologies in South Asia.

The idea of environmental (green) banking is taken into consideration within the context of "green" finance in papers written by Russian researchers. According to Professor B. Porfirjev, "green" finance thus refers to a range of financial goods and services whose creation, manufacturing, and use are focused on lowering risks related to the environment and climate change. "The term "green finance" can be determined as a wide range of ways to finance technological processes, projects and companies related to environmental protection, as well as financial products (instruments) and services with an environmental component," according to the B.B. Rubtsov monograph. Additional research by V.V.Arhipova, I.A.Yakovlev, L.S.Kabir, S.I.Nikulina, and I.D.Rakov indicates that banks' willingness to make environmentally friendly investments is a critical factor in future "green" growth.

That is, the significance of the financial system in the shift to an environmentally sustainable economy is recognized in the Russian scientific community. Although there isn't a comprehensive perspective on "green" banking as a contemporary economic trend, scholars observe a correlation between the "greening" of commercial banks' financial actions and the mitigation of anthropogenic stress on the environment.

Additionally, scientists realize how important it is for businesses to develop an environmental culture. Author A.I.Subetto states the following in relation to the noospheric paradigm of development: "A new necessity of existence in the XXI century was formed under

the conditions of ecological cataclysms. This shift to sustainable development is based on social intelligence and takes the shape of regulated socio-natural evolution.

Therefore, eco-responsible banking, in my opinion, is a strategically significant concept of bank activity that ensures the synergy of four effects: boosting banks' economic efficiency, shaping their social image, minimizing their detrimental effects on the ecosystem, and creating future social benefits. "Green" banking can be viewed as an unconventional business strategy that aims to accomplish the "benefits of the future" in terms of social indicators (such as fertility and life expectancy) and environmental improvement forecasts in addition to profits.

**The ecological placement of modern banks and its characteristics (Table 1).**

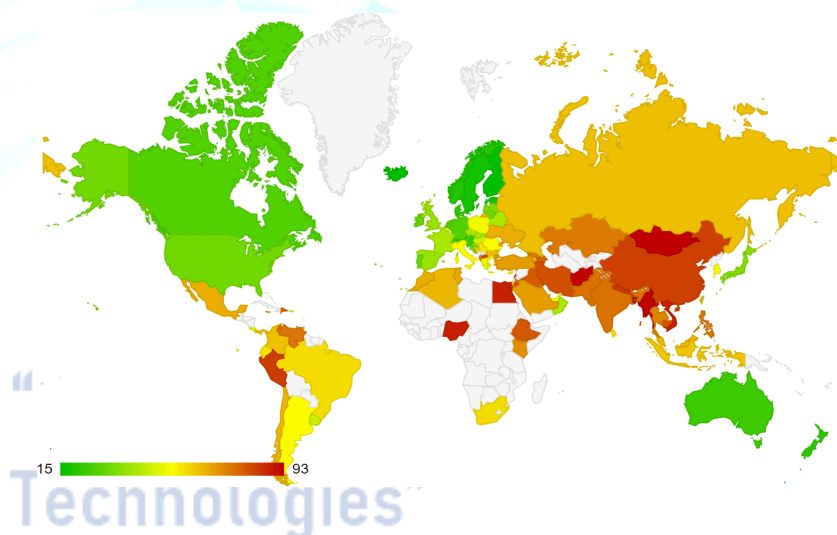
Internal components	External components
1. Devices that conserve resources and distinct rubbish collecting. 2. Document movement without paper. 3. Customer support through remote means. 4. Establishing "green" offices. 5. Using business transportation to move staff.	1. "Green" investment and loans. 2. The "green" securities market's activities. 3. "Green" banking services for citizens (deposits, affinity cards, and payments). 4. Sponsorship or philanthropy that is environmentally conscious.

Internal components of "green" positioning explain the internal procedures that help save resources and lessen negative environmental effects. As a result, more and more contemporary banks are purchasing water and energy-saving equipment. Paper and materials are saved with the introduction of electronic document management and remote maintenance. Customers save time, gasoline, the environment, and the road surface by using remote services. We predict that as digital technologies and telecommunications continue to advance, contactless services will emerge and financial operations' resource intensity will gradually decline.

External "green" aspects define the communication sphere of a bank's contacts with consumers. These are a range of banking services or initiatives that center on cutting-edge ecotechnologies. Therefore, the basic approach to funding environmental projects (such as

energy efficiency, resource conservation, and the manufacture of environmentally friendly materials and food) is through bank lending. The world's biggest banks adopted the "Equator Principles" in 2003, which is a set of social and environmental guidelines that are applied to project financing and lending. This was a significant step toward the development of green finance.

The biggest database of countries in the world Statistics on the degree of environmental pollution in various nations have been released by Numbeo (Pollution Index for Country). Experts evaluated the ways in which every nation degrades the planet's ecosystem. A map of the nation's levels of environmental contamination is shown in Fig. 1. The BRICS countries labeled as "yellow" and "orange" have high Pollution Indexes.



**Figure 1.** Countries ranked according to level of environmental contamination.

### Conclusion

Green banking, or ecologically conscious banking, is viewed as an unconventional method of financial intermediation that lessens negative consequences on the environment. Numerous banks worldwide have already incorporated environmental and social themes into their financial strategy. The banking industry in Uzbekistan operates in a progressive manner, although there is a lack of institutional recognition of the significance of environmental

projects. The primary cause is the lack of incentive among banks to provide responsible lending.

The idea of "green banking" is being further theoretically developed through the elaboration of methodological components of environmental risk assessment and approaches to systematizing environmental responsibility requirements. Considerable headway has been made in the creation of new green financial tools and products, the application of responsible finance, and official green reporting.

Promoting green banking practices should be a priority for the Bank of Uzbekistan. A regulatory framework that would help banks "be green" must be established. It would be feasible to lower capital adequacy ratios or reserve requirements for environmentally conscious institutions. Monetary authorities should be aware that, given the current state of the world, environmental culture is a necessary component of financial activities.

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