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Understanding the factors driving a bank to integrate sustainability in its Business in a Market where Green Banking is a Novel Concept. A Case study of Standard Chartered Bank Zambia

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ABSTRACT

Standard Chartered Bank Zambia is the first and only bank in Zambia that has publicly declared its commitment to integrating sustainability its banking business. The bank has embarked on adopting sustainable/green banking practices in a market where it is not mandatory for players in the banking sector to adopt sustainable/green banking practices in their banking business. Regardless Zambia being a signatory to the Paris Agreement on Climate Change, the current regulatory frameworks and laws suggest a limitation in enforcing sustainable/green banking as there are no such legal provisions. For instance, the Banking and Financial Services Act (2017) which gives the Bank of Zambia (the Central Bank) the mandate to oversee banking and non-banking financial institutions, does not have a provision to compel banks in Zambia to adopt or integrate sustainable/green banking practices. In other words, as earlier mentioned, it is not mandatory for banks in Zambia to adopt sustainable banking practices. In this respect, in the absence of a regulatory framework and laws to compel banks in Zambia to adopt sustainability in their banking business, this study embarked on understanding what is driving Standard Chartered Bank Zambia to integrate or adopt sustainability in its banking business. On the basis that Standard Chartered Bank Zambia is the first and only bank in Zambia that has integrated sustainability in its business, this study has adopted a case study design taking Standard Chartered Bank Zambia as case to understand the factors driving the bank to integrate sustainability in its banking business in a market where green banking is a novel concept and not mandatory. To collect data on the study objective, the study employed qualitative data collection methods that include the conduct of key informant interviews and document review. The study findings reveal that Standard Chartered Bank Zambia's integration or adoption of sustainability in its banking business was largely driven by the parent bank's strategic/policy shift to go green, which is consequently cascaded to subsidiary banks at country level. The parent bank's strategic/policy shift mainly reflects the bank's response to pressure from the global community position on sustainability within the context of attaining net zero by 2050. Additionally, Standard Chartered Bank's global vision of becoming the world's most sustainable and responsible bank, a vision shared and implemented by all its subsidiaries worldwide suggests the extent ethical obligation has played a role in the bank's adoption of sustainable/green banking.

Standard Chartered Bank Zambia è la prima e unica banca in Zambia che ha dichiarato pubblicamente il suo impegno a integrare la sostenibilità nella sua attività bancaria. La banca ha intrapreso l'adozione di pratiche bancarie sostenibili/verdi in un mercato in cui non è obbligatorio per gli operatori del settore bancario adottare pratiche bancarie sostenibili/verdi nella loro attività bancaria. Indipendentemente dal fatto che lo Zambia sia firmatario dell'Accordo di Parigi sui cambiamenti climatici, i quadri normativi e le leggi attuali suggeriscono una limitazione nell'applicazione del sistema bancario sostenibile/verde, in quanto non esistono disposizioni legali di questo tipo. Ad esempio, la legge sui servizi bancari e finanziari (2017), che conferisce alla Bank of Zambia (la Banca centrale) il mandato di supervisionare le istituzioni finanziarie bancarie e non bancarie, non contiene disposizioni che obblighino le banche dello Zambia ad adottare o integrare pratiche bancarie sostenibili/verdi. In altre parole, come accennato in precedenza, non è obbligatorio per le banche dello Zambia adottare pratiche bancarie sostenibili. A questo proposito, in assenza di un quadro normativo e di leggi che obblighino le banche dello Zambia ad adottare la sostenibilità nelle loro attività bancarie, questo studio si è posto l'obiettivo di arrivare alla comprensione di ciò che sta spingendo Standard Chartered Bank Zambia a integrare o adottare la sostenibilità nella sua attività bancaria. Sulla base del fatto che Standard Chartered Bank Zambia è la prima e unica banca in Zambia che ha integrato la sostenibilità nella sua attività, questo studio ha adottato un progetto di caso di studio prendendo Standard Chartered Bank Zambia come caso per comprendere i fattori che spingono la banca a integrare la sostenibilità nella sua attività bancaria in un mercato in cui il green banking è un concetto nuovo e non obbligatorio. Per raccogliere dati sull'obiettivo dello studio, la ricerca ha utilizzato metodi di raccolta dati qualitativi che includono la conduzione di interviste con informatori chiave e la revisione di documenti. I risultati dello studio rivelano che l'integrazione o l'adozione della sostenibilità da parte di Standard Chartered Bank Zambia nella sua attività bancaria è stata in gran parte guidata dal cambiamento strategico/politico della banca madre verso l'ecosostenibilità, che di conseguenza è a cascata alle banche controllate a livello nazionale. Il cambiamento strategico/politico della casa madre riflette principalmente la risposta della banca alle pressioni della posizione della comunità globale sulla sostenibilità nel contesto del raggiungimento dello zero netto entro il 2050. Inoltre, la visione globale di Standard Chartered Bank di diventare la banca più sostenibile e responsabile del mondo, una visione condivisa e implementata da tutte le sue filiali in tutto il mondo, suggerisce la misura in cui l'obbligo etico ha svolto un ruolo nell'adozione da parte della banca di un sistema bancario sostenibile/verde.

Keywords: Sustainability, Green Banking, Sustainable Banking, Stakeholder theory, Factors driving sustainability Adoption.

1 – Introduction. *Background*

Standard Chartered Bank Zambia is the first and only bank in Zambia that has publicly declared its commitment to integrating sustainability into its banking business. Standard Chartered Bank Zambia has embarked on adopting sustainable/green banking practices in a market where it is not mandatory for players in the banking sector to adopt sustainable/green banking practices in their banking business. While Zambia is a signatory to the Paris Agreement on Climate Change, the current regulatory framework and laws suggest a limitation in enforcing sustainable banking/green banking as there are no such legal provisions. For instance, the Banking and Financial Services Act (2017) which gives the Bank of Zambia (the Central Bank) the mandate to oversee banking and non-banking financial institutions, does not have a provision to compel banks in Zambia to adopt or integrate sustainable/green banking practices. In other words, as earlier mentioned, it is not mandatory for banks in Zambia to adopt sustainable banking practices. In this respect, in the absence of regulatory frameworks and laws to compel banks in Zambia to adopt sustainability in their banking business, this study embarked on understanding what is driving Standard Chartered Bank Zambia to integrate or adopt sustainability in its banking business.

2 – Literature Review

2.1 – *Sustainability: The Concept, Historical Perspective and Its Evolution*

2.1.1 – The Concept

As depicted in Figure 1, the concept of sustainability anchors on three pillars: social, economic, and environment (Purvis, Mao, & Robinson, 2019), suggesting a holistic approach to development that takes into account the ability to meet the needs of the current generation without compromising the ability of future generations to meet their needs, which ultimately aims to secure intergenerational equity (Bansal & Desjardine, 2014; Mondini, 2019).

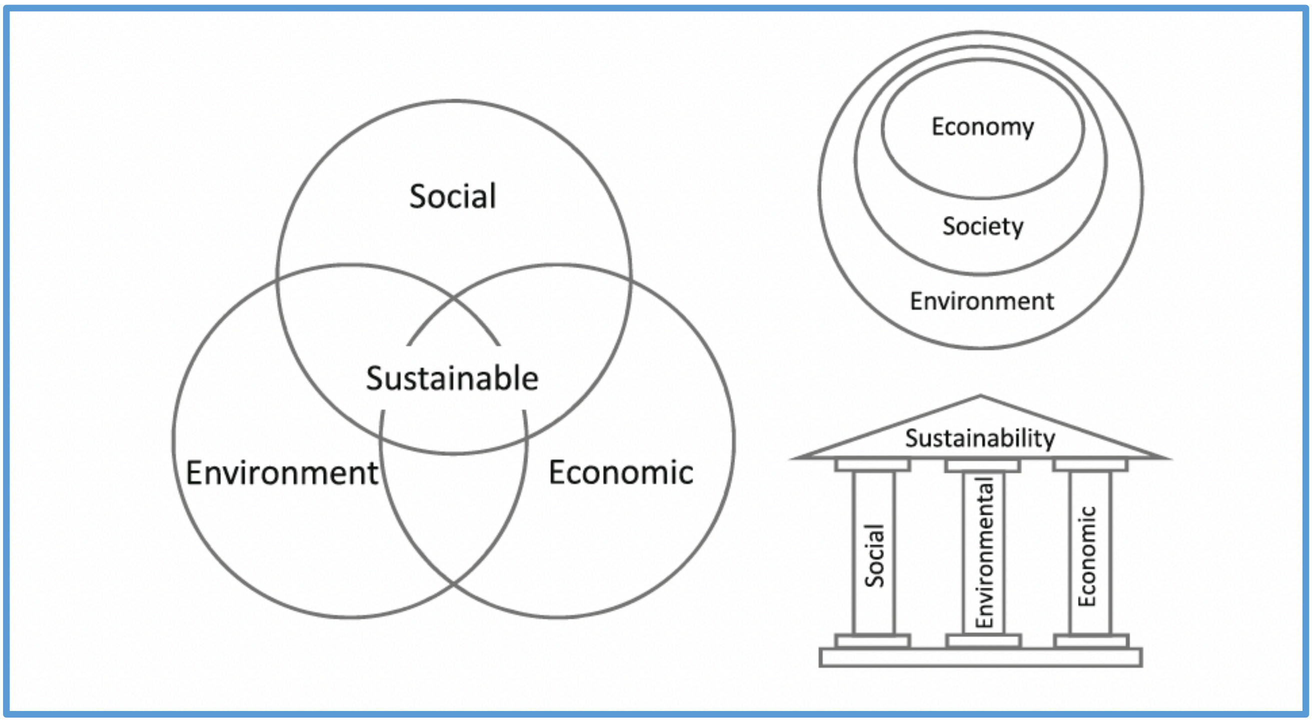

Fig. 1 – A Typical Representation of Sustainability (Source: Purvis, Mao, & Robinson, 2019)

2.1.2 – The Historical Perspective and Evolution of Sustainability

Literature suggests that the origin of the concept of sustainability within the context of the three pillars depicted in Figure 1 is linked to the World Conservation Strategy published in 1980 by the International Union for Conservation of Nature (IUCN), in collaboration with the United Nations Environmental Programme (UNEP) and the World Wildlife Fund (WWF). This strategy aimed to foster economic and social development, which takes into account resource limitations and ecosystem carrying capacity (Purvis, Mao, & Robinson, 2019). From the foregoing narrative, while the World Conservation Strategy does not explicitly mention the three pillars of sustainability as depicted in Figure 1, it exhibits undertones of the roots of sustainability, especially the reference to economic, social, and ecological factors. The concerns about resource limitations and ecosystem carrying capacity can be traced to the Limits to Growth theory published in 1972 which advanced an argument that if growth trends in world population, industrialisation, pollution, food production, and resource depletion continued unchanged, the limits to growth on this planet will be reached sometime within the next one hundred years (Meadows *et al.*,1972). Fifty years have elapsed since the publication of the Limit to Growth, and it has become apparent that the concerns raised then are becoming a reality as reflected in the global sustainability agenda to attain net zero by 2050 responding to the rising earth temperature attributed to the rise in greenhouse emissions (Rogelj, Schaeffer & Hare, 2015).

Literature suggests that from the year 1980 onwards, the concept of sustainability became popular following an increase in publications and debate on the subject matter, with non-governmental organisations playing a significant role in this respect (Kidd, 1992). This eventually culminated in the definition of sustainable development in 1987 by the Brundtland Commission as the development that meets the needs of the present without compromising the ability of future generations to meet their needs (Mondini, 2019). This was followed the ratification of the concept of sustainability in 1989, at the highest political level through a communique issued at the conclusion of the meeting of the Group of Seven ("The Summit of the Arch") where political leaders, in order to achieve sustainable development, proclaimed and committed to ensuring the compatibility of economic growth and development with the protection of the environment (Kidd, 1992). The adoption of an Earth Charter during the Rio Earth Summit in 1992, consolidated all the preceding efforts toward the conceptualisation of sustainability (Charter, 2000; Tucker, 2008). From that time on, within the broad framework of sustainable development, sustainability has become a global agenda, as evidenced by the Sustainable Development Goals (SDGs) and the discussion of the subject matter at the Conference of the Parties (COP) the highest decision-making body on global challenges such as climate change and global warming, including the adoption of the Paris Agreement on Climate Change in 2015 (United Nations, 2015).

When you examine the history and evolution of sustainability discussed above it is apparent that the banking sector has never been part of the sustainability discourse until the twenty-first century, specifically, from 2015 when financial institutions were recognised as key stakeholders in the global green agenda of attaining net zero emissions by 2050. The next section discusses this in detail.

2.2 – *A Business Case for Sustainability*

The corporate world is considered a key stakeholder in the realisation of the global agenda of sustainable development. However, this can only be realised if the business world shifts from the traditional way of doing business where a corporation is perceived as an economic entity that delivers value to its shareholding stakeholders to embracing sustainable business management in corporate strategy and operations to deliver value to all stakeholders (Chuma & Qutieshat, 2023; Pavione *et al.*, 2020; Gazzola & Mella, 2012). The need to do business sustainably cannot be expressed better than the appeal made by the Secretary General of the United Nations António Guterres in 2019, that there is a need for rapid and deep change in how we do business, generate power, build cities, and feed the world (Stephan, Lee, & Kim, 2019).

This, however, cannot materialise without the requisite commitment from the corporate world. In examining sustainability within VW, Chuma (2023) highlights the necessity for corporations to move away from traditional business models towards sustainable practices.

While the discourse on sustainability has been in the public domain for quite a while now, it was only introduced to the corporate world within the context of the three pillars depicted in Figure 1, in the late twentieth century and beginning of the twenty-first century. This occurred when John Elkington coined the triple bottom line (TBL), an integral part of stakeholder theory, which explicitly suggest the need for businesses or corporations to meet social and environmental obligations over and above the financial obligations (Elkington, 2013). Although efforts by Edward Freeman in the 1980s as reflected in the stakeholder theory suggests early attempts and steps towards a holistic approach to business management (Freeman, 1984), there was no explicit mention of the environment or the planet as a key stakeholder that is affected by business operations. Therefore, Elkington's TBL theory/concept anchored on sustainability, builds on the stakeholder theory by explicitly suggesting the need for businesses or corporations to meet social and environmental obligations over and above financial obligations.

From the perspective of the banking industry, sustainability is entrenched in the role banks can play to ensure that their business operations and activities do not harm society or the environment. Within the context of sustainable business management in the banking industry conceptualised in this study, this paradigm perspective is referred to as sustainable banking/green banking as the two terms mean the same in essence. Aracil, Nájera-Sánchez & Forcadell (2021) describes sustainable banking as incorporating the environmental and social impact of banking activities in the delivery of financial products and services which meet the needs of people and safeguard the environment while generating profit. The Institute for Development and Research in Banking and Technology defines *green banking practices* and guidelines that make banks sustainable in the economic, environmental, and social dimensions (Ahuja, 2015). This appreciation of green banking is shared by several other authors, who describe green banking as a new dimension of banking, basically, a normal bank which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources (Trehan, 2015; Julia & Kassim, 2020; Khatun, Sarker, & Mitra, 2021; Prathima & Hebbar, 2017; Mir & Bhat, 2022), This paradigm perspective calls for a shift in the manner the banking industry conducts business to adopting green practices that have no adverse effects on the environment and society. Therefore, banks play a critical role in promoting sustainability by offering sustainable financial products and services (Siddique, Nor, Senik & Omar, 2023).

The emergence of the Triple Bottomline (TBL) concept by John Elkington in the late 1990s, which suggests the need for corporations to take into account environmental (planet) and social (people) obligations over and above the financial obligations, triggered a paradigm shift from the traditional way of doing business to the sustainable way of doing business (Elkington, 2013).

2.3 – *Determinants of Sustainable/Green Banking Adoption: Theoretical Perspective*

From the theoretical perspective, literature suggests various factors that determine adoption of sustainable/green banking practices among banks. As proposed by Bukhari, Hashim, and Amran, (2019) and depicted in Figure 2 below, theoretical determinants of sustainable/green

Banking adoption comprise pressure from top management, customers, competitors, and the community.

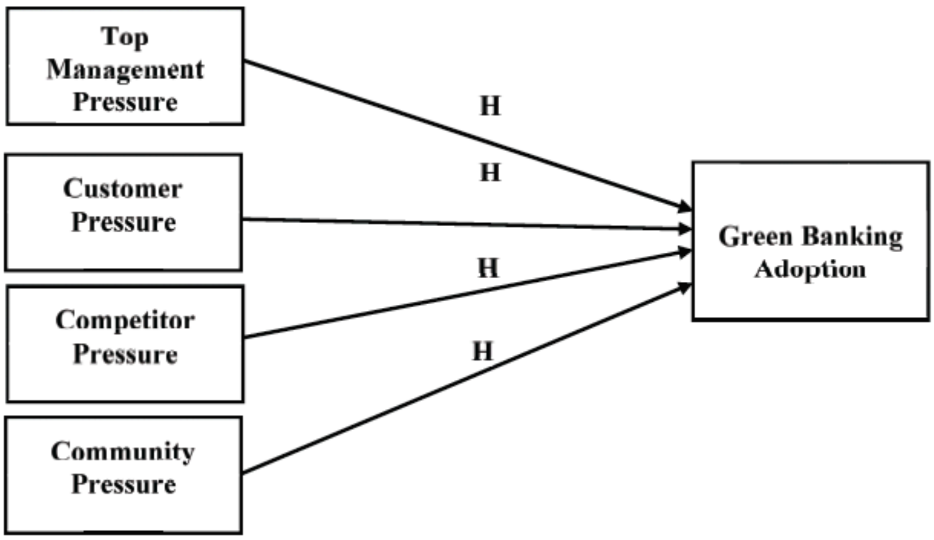

Fig. 2 – A Theoretical Depiction of Determinants of Sustainable/Green Banking Adoption
(Source: Bukhari, Hashim & Amran, 2019)

From the perspective of top management pressure, it is believed that top management holds the power to direct and manage the firm. Consequently, the commitment of integrating green management practices influences the adoption of sustainable/green banking practices within a bank's operations. However, this aspect of the theory does not clarify what would influence or push top management's decisions and commitment to adopting sustainable/green banking practices. The other three perceived determinants of sustainable/green banking adoption (customer pressure, competitor pressure, and community pressure) are all connected to the stakeholder theory. According to this theory, a corporate entity has a responsibility to create value not only for its shareholders but also for other stakeholders, including suppliers, customers, employees, society, and the environment. These stakeholders have a vested interest in the affairs and outcomes of an organisation (Phillips *et al*., 2019).

2.4 – *Analysis of Empirical Literature on the Determinants of Sustainable/Green Banking Adoption*

The literature suggests that the most prominent determinants of sustainable/green banking are risks, banking sector regulations, bank size, environmental policies and climate change, internal practices and ethics, technology and innovation, religion, interest rates, social inclusion, and social justice (Akomea-Frimpong *et al*., 2021). Further, the literature suggests significant progress in the field of sustainable banking in recent times, largely linked to increasing interest in the topic and pressure for banks to consider sustainability in their banking business at all levels (Carlucci *et al*., 2016).

2.4.1 – Regulation

As stated above, banking sector regulation is one of the key determinants of sustainable/green banking adoption (Akomea-Frimpong *et al*., 2021). A study conducted by Tu and Dung (2017) on "*Factors affecting green banking practices: Exploratory factor analysis on Vietnamese banks*" highlights the importance of banking sector regulation by suggesting the necessity to develop policies and measures that encourage the adoption of green banking practices. Further, the existing literature suggests a positive correlation between regulation and compliance. For example, Bose, Khan, Rashid, and Islam (2018) suggest a relation between regulation on green banking and the extent of green banking disclosure. Therefore, it is valid to presuppose that regulation can play a critical role in the adoption of sustainable banking practices among banks. Shafique and Majeed (2020) cite central bank regulations as one of the key factors that influence the adopt green banking among banks in Pakistan.

Although the mandate to regulate banks lies with central banks, when it comes to regulation relating to sustainable banking, in most countries, the regulatory and supervision mandate of central banks is limited. While there is a limitation in terms of the scope of the mandate, central banks seem to appreciate their role in promoting sustainable finance. For instance, a study conducted in the Asia-Pacific region suggests that among the 18 central banks surveyed most of them believe that they should play a key role in promoting sustainable finance through (i) amending the regulatory framework, (ii) encouraging green loans or (iii) by including climate change targets in their policies (Durrani, Rosmin & Volz, 2020). The study also shows that of the 18 surveyed central banks, 7 had already established special units focusing on sustainable finance, the implementation of policies promoting sustainable finance were only in 6 countries out of 18 (Bangladesh, the PRC, India, Indonesia, Singapore and Viet Nam). Based on the foregoing, Dikau and Volz (2021) assert that the mandate of central banks in developing and emerging economies are more comprehensive and include sustainability, as well as social and economic objectives.

This assertion is problematic given that the study by Durrani, Rosmin, & Volz (2020) suggests that the majority of central banks in the Asia-Pacific region are either at an early stage or have not started yet to address climate and other environmental risk in their operations and have not put in place any capacity building or training programmes for their staff or the external financial community. Therefore, it can be stated that while a few developing and emerging economies, in the Asia-Pacific region, in particular, are making some progress in broadening the mandate of central banks, the limitation in the scope of central bank to promote sustainable/green banking remains a challenge across the globe. For instance, in Zambia, the host to Standard Chartered Bank, the case of this study, like many other African countries the sustainable/green banking concept is new, and the current regulatory frameworks and laws suggest a limitation in enforcing sustainable banking/green banking. The Banking and Financial Services Act (2017) which gives the Bank of Zambia the mandate to oversee regulate and supervise banking and non-banking financial institutions to ensure compliance with the regulations, does not have a provision to compel banks in Zambia to adopt or integrate sustainable/green banking practices. Similarly, in Zambia, environmental and climate change policies do not have deliberate sustainable/green banking provisions, as it is only now that the Government of the Republic of Zambia has pledged to facilitate green financing by creating an enabling policy and regulatory framework which will promote innovative financing for climate change interventions (Mulenga, 2022). Therefore, the prevailing limitation in the regulatory mandate regarding enforcing sustainable/green banking raises research interest to understand the factors driving Standard Chartered Bank to integrate or adopt sustainability in its banking business in the absence of the requisite regulation in Zambia.

2.4.2 – Pressures

Theory suggests that top management, customer, competitor, and community pressures are associated with sustainable/green banking adoption (Bukhari, Hashim & Amran, 2019). However, while the existing literature suggests increasing pressure for banks to consider sustainability in their banking business at all levels (Carlucci *et al*., 2016) it does not explicitly state either the source or the nature of this pressure. In this regard, this study seeks to understand the factors driving Standard Chartered Bank to integrate or adopt sustainability in its banking business in the absence of the requisite regulation in Zambia.

2.4.3 – Religion

Studies that relate green banking to religion are mainly inclined to Islam region. A study by Bouteraa, bin Raja Hisham, and Zainol (2020) suggests a connection between the concept of Green Banking and Islam, as the practices are said to be very much in line with Islamic theories and the teachings of the Quran, including the principles upon which Islamic Banking is anchored. Similarly, Akomea-Frimpong *et al*. (2021) suggest that banks that are built on ideologies of the Islamic religion are more likely to integrate sustainable practices into their banking practices. However, Bouteraa, bin Raja Hisham, & Zainol (2020) caution that studies of green banking practices from the Islamic perspective are critically limited and need further investigations. Considering the high dominance of the Islamic religion and the presence of Islamic banking in the jurisdictions where these studies were undertaken, it is clear that context is a great factor here.

2.4.4 – Internal practices and ethics

Internal practices and ethics are closely aligned with the top management pressure outlined in Figure 2 of this paper which suggests that top management's commitment to the adoption of green management practices influences the adoption of sustainable/green banking practices (Bukhari, Hashim, and Amran, 2019). Similarly, Forcadell, Aracil, and Ubeda (2019) points out the influential role corporate management can play in the adoption of sustainable/green banking practices. Naturally, top management by order of rank could have an influence on any aspect of the organisation. However, these studies are silent on what could be driving the top management's inclination to adopt sustainable/green banking.

2.4.5 – Technology and innovation

Technology and innovation are suggested to play a significant role in influencing green banking. Azhgaliyeva and Liddle (2020) and Chen *et al*. (2019), as cited by Akomea-Frimpong, Adeabah, Ofosu, and Tenakwah (2021), suggest high influence of technology on the growth of financial literacy and awareness of green finance. Similarly, a study on the influence of innovation on corporate sustainability in the international banking industry suggests that innovation such as technological, organisational, and business-model innovation in the banking sector can result in an enhanced contribution to the integration of corporate sustainability or adoption of green banking practices beyond existing regulation (Forcadell, Aracil & Ubeda, 2019). The assertion that innovation influences sustainable/green banking is debatable, from the perspective that the transition from the traditional way of doing business to doing business sustainably is innovation in itself. The question of what is driving this transition then remains.

3 – Research Methodology

On the basis that Standard Chartered Bank Zambia is the first and only bank that has adopted sustainability in its business in Zambia, this study has adopted a case study design taking Standard Chartered Bank Zambia as case to understanding the factors driving the bank to integrate sustainability in its banking business in a market where green banking is a novel concept and not mandatory. To collect data on the study objective, the study employed qualitative data collection methods that include the conduct of key informant interviews and document review. The former targeted senior bank employees that are responsible for decision making in Standard Chartered Bank Zambia. The latter focused on reviewing the bank's policy documents, among others. This study was conducted in Lusaka, Zambia, where the head office of Standard Chartered Bank Zambia is located. The bank recommended senior level employees to participate in the key informant interviews.

Given the qualitative nature of the study, document and content analysis techniques were utilised, involving a systematic review of both printed and electronic material (Bowen, 2009).

This study adhered to ethical requirements ensuring that personally identifiable information collected such as names, designations, telephone numbers, and email addresses are kept confidential and only used for the purpose of making follow-ups where clarifications and further consultations were required. As suggested by Arifin (2018) the protection of human subjects through the application of appropriate ethical principles is important in all research studies. To confirm with the bank's security and compliance requirements, the researcher was assigned staff from the compliance division as liaisons throughout the study

4 – Study Findings

4.1 – *Demographic Profile of Study Participants*

This section presents the demographic profiles of the bank senior staff that participated in the key informant interviews. Table 1 below provides information on various characteristics including gender, age, education level, and staff tenure with Standard Chartered Bank.

In terms of gender distribution, the majority of the respondents were female, accounting for 62.5% of the total, while 37.5% of the respondents were male. The age distribution of the respondents who participated in the key informant interviews with representatives of the Bank management team reveals some notable patterns. None of the interviewees fell within the 18-24 age range, whereas 25% of the respondents were between the ages of 25 and 34. The majority of the respondents, accounting for 62.5%, fell within the 35-44 age range. Only a small percentage, 12.5%, belonged to the 45-54 age group. In terms of education, all the respondents had completed tertiary education. Regarding employee tenure, all the respondents, accounting for 100%, had been working for Standard Chartered Bank for five or more years.

4.2 – *Factors driving Standard Chartered bank to integrate or adopt sustainability in its banking business*

Based on the insights gained from key informant interviews with representatives of the bank management team, the study has established that Standard Chartered Bank Zambia, a subsidiary of the Standard Chartered Bank Group, an International financial services conglomerate, headquartered in London in the United Kingdom, embarked on a sustainability journey primarily in response to the global strategic shift initiated by its parent bank.

Table 1 – Respondents' profile: Bank employees (Key Informant Interviews)

Characteristics	Category	Frequency	%
Gender	Female	5	*62.5*
	Male	3	*37.5*
Age (in years)	18 – 24	0	*0*
	25 – 34	2	*25.0*
	35 – 44	5	*62.5*
	45 – 54	1	*12.5*
	55 – 65	0	*0*
Education	Primary	0	*0*
	Secondary	0	*0*
	Tertiary	8	*100*
Employee Tenure (Number of years an employee has been working for Standard Chartered Bank)	< 1	0	*0*
	1 – 2	0	*0*
	3 – 4	0	*0*
	≥ 5	8	*100*

In 2019, Standard Chartered Bank Zambia embarked on a significant transformation in its banking operations by beginning to embrace sustainable banking practices. Prior to this, the Bank had already made investments in digital banking platforms, which paved the way for the integration of sustainable or green banking practices. This milestone led to Standard Chartered Bank Zambia becoming the first digital bank in the country. Consequently, the Bank now offers its customers the convenience of opening a bank account from a smartphone, anywhere in Zambia, within a mere 15 minutes using the Standard Chartered Bank Mobile Banking App (also known as the SC Mobile Banking App), eliminating the need for a physical visit to a bank branch to open a bank account.

> "For us, the advantage we have is being an international bank, not only do we follow rules from the country perspective, but also from the group. So that is being driven all the way by the whole group [parent bank]". *Key Informant 1.*

> "Most of these initiatives are driven at group level and not mainly at country level. So, what is happening is that at country level, once group has decided to say these are some of the initiatives that we are going to take in terms of green lending or green facilities that we are offering to clients. These are what are now being cascaded to markets such as Zambia for implementation". *Key Informant 3*

> "…being a global bank, what you then notice is that the extent to which our responsibilities extend as a global corporate citizen is going to be different from an entity that is just registered and is operating in Zambia. Because then if the legislation is not that active to

> drive green financing, we are being pushed back by what is happening at a global scale". *Key Informant 3.*

From the global perspective, the bank also perceives sustainability as both a moral imperative and an opportunity to advance sustainable economic growth and prosperity.

> "Every bank, just like every organisation, has got a social responsibility and part of the social responsibility that we have is to ensure that whatever we are doing is sustainable and will not adversely affect the societies, the environment in which we operate. It is incumbent upon the bank to ensure that sustainability is incorporated in its banking business. Without sustainability it will adversely affect the bank's operations". *Key Informant 2*

It is this ethical standpoint that has shaped Standard Chartered Bank's vision to become the world's most sustainable and responsible bank, a vision that is shared and implemented by all its subsidiaries worldwide. In attaining this sustainable vision, the Standard Chartered Bank parent bank devised a phased net set zero roadmap outline in Table 2.

Table 2 – Standard Chartered Bank Global Net Zero Roadmap

Timeline	Milestone
2021	• The Bank launches its pathway to net zero by 2050, including interim targets and a supporting. • The Bank announces plans to mobilise US$ 300 billion in sustainable finance. • The Bank publishes a transition finance framework.
2022	• The Bank develops 2030 emissions baseline and targets for Aviation, Shipping and Automotive Manufacturers. • The Bank formally joins the Partnership for Carbon Accounting Financials (PCAF). • The Bank develops capabilities for, and commences quarterly external reporting against key net zero metrics.
2023	• The Bank develops 2030 emissions baseline and targets for Cement, Mortgages, Aluminium and Commercial Real Estate. • The Bank expands coverage to facilitated emissions, adopting the PCAF standards when available. • The Bank establishes an absolute financed emissions target and baseline for Oil and Gas.
2024	• The Bank targets to develop 2030 emissions targets for Agriculture.
2025	• The Bank targets to double the share of sustainable investing assets under management and integrate Environmental, Social and Governance (ESG) considerations into its advisory activities in its wealth management business. • The Bank targets to be net-zero in all its operations.

Timeline	Milestone
2030	• The Bank targets to only provide financial services to clients who are less than 5% dependent revenue from thermal coal. • The Bank targets to meet oil and gas target requiring a 29% reduction in absolute financed emissions.
2032	• The Bank targets to end legacy direct coal financing globally.
2050	• The Bank targets to become net zero in financed emissions.

Globally, the parent bank has given policy direction in the form of position statements in the five identified industries or business sectors namely: Extractive Industries; Power generation; Agri-Industries; Infrastructure and transport; and Chemical and manufacturing; including what the bank has identified as prohibited activities. These position statements came into effect in 2022. They serve as a yardstick or benchmark for the bank to uphold environmental and social standards. They also serve as criteria for determining whether to offer financial services to clients operating in sensitive business sectors. In addition, the bank's code of conduct emphasises the importance of respecting communities and the environment in which the bank conducts its business. It calls for minimising the bank's impact on the environment and contributing to the communities whenever possible. The bank requires that all employees adhere to the code of conduct and the policy/position statements.

5 – Discussion of Study Findings

While the existing literature highlights that pressure from top management, customers, competitors, and the community are significant factors influencing banks' adoption of sustainable/green banking practices, this study has uncovered novel insights into the factors influencing the adoption of sustainability in the banking industry. These findings suggest the need for a modification to the theoretical framework proposed by Bukhari, Hashim, and Amran (2019) to include other determinants of sustainability adoption identified by this study. The first one relates particularly to international banks such as Standard Chartered Bank. This determinant is the change in policy or strategic direction initiated by the parent bank, which is then cascaded to subsidiary banks at the country level, as observed in the case of Standard Chartered Bank Zambia. Furthermore, the study findings also indicate that pressure from the global community has an indirect effect on an international bank as the response to the pressure exerted by the global community on the parent bank is subsequently transmitted to subsidiary banks at the country level. Another determinant that emerges from this study relates to the ethical standpoint that shapes Standard Chartered Bank's global vision of becoming the world's most sustainable and responsible bank, a vision shared and implemented by all its subsidiaries worldwide. This ethical perspective is also reflected in the response obtained from a key informant that "*Every bank, just like every organization, has got a social responsibility and part of the social responsibility that we have is to ensure that whatever we're doing is sustainable and will not adversely affect the societies, the environment in which we operate.*"

Furthermore, the aspect of compliance with regulation emerging from Literature (Bose, Khan, Rashid, & Islam, 2018) is also missing in the framework proposed by Bukhari, Hashim, and Amran (2019). Therefore, it is against this background, this study proposes a modification to the theoretical framework of determinants of sustainable/green banking adoption presented by Bukhari, Hashim, and Amran (2019) as depicted in Figure 2. The suggested modification involves incorporating the strategic or policy shift of the parent bank, compliance with regulations and ethical/moral obligation into the framework as shown in Figure 3.

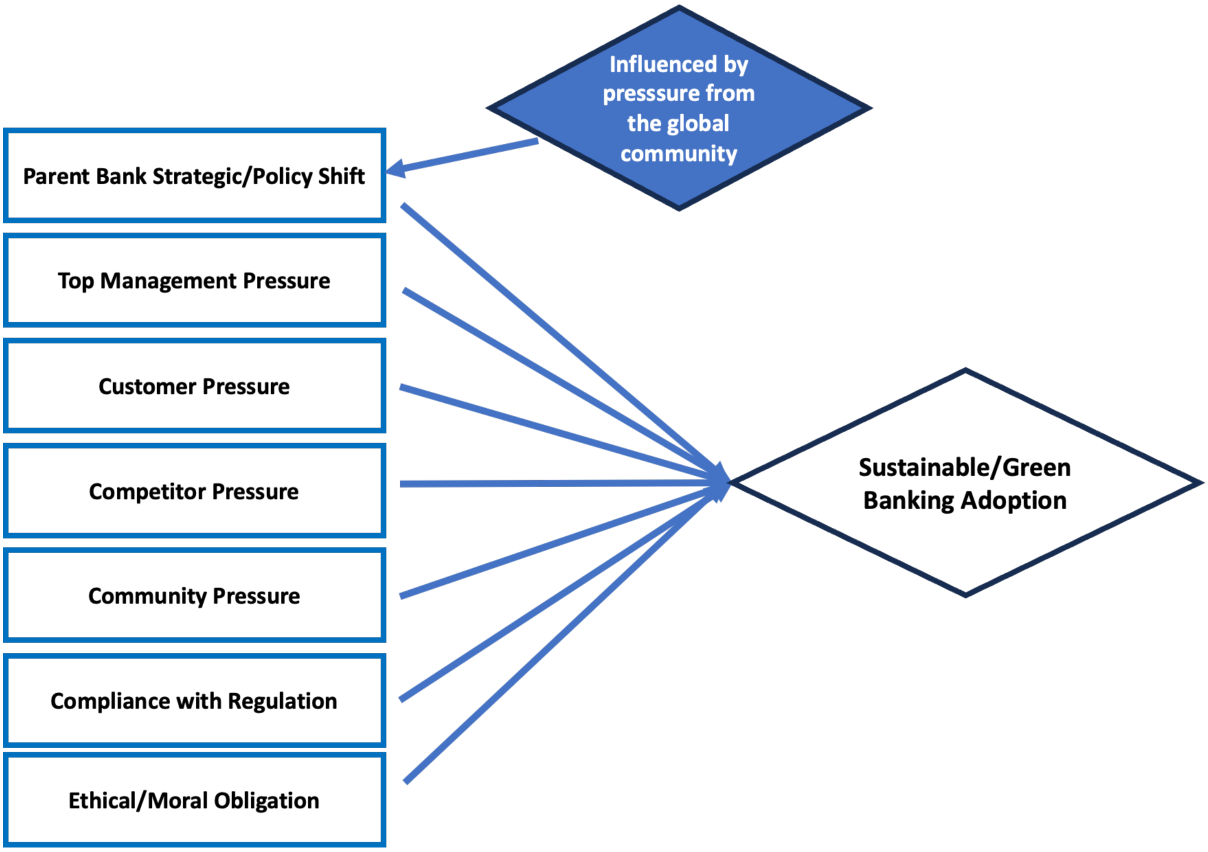

Fig. 3– Proposed Modification to the Theoretical Framework of Determinants of Sustainable/Green Banking Adoption

6 – Conclusion

The study aimed to understand the factors driving Standard Chartered bank to integrate or adopt sustainability in its banking business. The findings of the study have established that none of the four determinants of sustainable/green banking adoption (top management, customer, competitor and community pressure) revealed in literature were a factor in Standard Chartered Bank Zambia's adoption of sustainable/green banking. Considering that sustainable/green banking concept is relatively new in Zambia, the absence of pressure from customers, competitors, and community is not unusual. It can therefore, be concluded that in markets where the green banking concept is new or still in its infancy stage, determinants like top management, customer, competitor and community pressure may not necessarily be a driving factor for a bank to adopt sustainable/green banking practice.

However, based on the study findings, while from the global perspective, the bank perceives sustainability as both a moral imperative and an opportunity to advance sustainable economic growth and prosperity, the integration or adoption of sustainability in its banking business by Standard Chartered Bank Zambia was largely driven by the parent bank's strategic/policy shift to go green banking which is consequently cascaded to subsidiary banks at country level. The parent bank's strategic/policy shift mainly reflects the bank's response to pressure from the global community position on sustainability within the context of attaining net zero by 2050. Additionally, Standard Chartered Bank's global vision of becoming the world's most sustainable and responsible bank, a vision shared and implemented by all its subsidiaries worldwide suggests the extent ethical obligation has played a role in the bank's adoption of sustainable/green banking.

Further, besides the main driving factors identified by the study, it can be suggested that an internationally affiliated bank like Standard Chartered Bank Zambia may find it much easier to integrate green banking practices in its banking business compared to a local bank that has no international connections. This is because the bank can leverage resources mobilised by its parent bank and basically implement a sustainability blueprint devised by its parent bank.

6.1 – *Study Recommendations*

The study has revealed that Standard Chartered Bank Zambia's decision to incorporate sustainable practices into its banking business is primarily driven by a strategic/policy shift and moral obligation from its parent bank, rather than factors mentioned in the literature as determinants of sustainable/green banking adoption. Locally, there is no strong impetus for Standard Chartered Bank Zambia to adopt sustainability in its banking operations. However, previous studies indicate that compliance with regulations is a key determinant of sustainable/green banking, as seen in the relationship between green banking regulation and the level of green banking disclosure. Central bank regulations have also been identified as influential in the adoption of green banking in banks in Pakistan. Nevertheless, the literature suggests that central banks face limitations in regulating sustainable banking practices. Similarly, the study finds that the regulatory and supervisory mandate of the Bank of Zambia is limited, as the Banking and Financial Services Act (2017) lacks provisions to compel banks in Zambia to adopt sustainable/green banking practices.

Therefore, in view of the above study revelations, this study recommends reviewing the Banking and Financial Services Act (2017) to include provisions for the adoption of sustainable/green banking practices among banks. This could involve requiring banks to report on their sustainability practices in their annual reports as part of sustainability disclosure.

Furthermore, in the absence of regulations on sustainable/green banking, customers have the option to seek financial support from banks that do not impose green financing criteria. Therefore, introducing regulatory provisions on sustainable/green banking has the potential to foster comparative competitiveness within the banking sector.

Given that the future of the banking business is green, eventually all other banks that may not have taken the initiative now to integrate sustainability in their banking business will have to adopt sustainability. This study recommends future studies to explore the readiness of banks in Zambia to adopt sustainable banking practices.

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