SYSTEMATIC LITERATURE REVIEW OF THE BANKING SECTOR BUSINESS SUSTAINABILITY MODEL

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Abstract

Technological developments and fierce competition in the banking sector demand adopting Indonesia's suitable business continuity model. This sustainability is reflected in the financial and non-financial reports that cover environmental aspects and company conditions. The report provides information about the process of making environmentally friendly products, production that cares about the environment, using natural resources, developing efficient innovation, and transparent and credible corporate accounting. This study uses a literature review to identify models of banking business sustainability in various countries as input for banking management in Indonesia to remain sustainable. From the search results, it is concluded that the banking business sustainability model can be achieved by adopting the Green Banking business model, namely integrating environmental management and banking operations to change the financial industry and create environmentally friendly banking operations following the Millennium Development Goals (MDGs), paying attention to governance and risk management, adopting religious values, the portion of entity ownership, the role of the government in encouraging transparency through regulations that promote sustainability and the use of digitalization and website technology to make sustainability even better.

Keywords: *Sustainability Model, Banking, Systematic Literature Review*

INTRODUCTION

The financial system is an essential structure in a country's economy that regulates money and capital markets and provides financial services (Rose, 2000). Banking plays a central role in the financial system, providing financial service facilities and supporting economic growth (Ruslan, 2011). Sustainable disclosure has developed since the 1990s by adopting the Triple Bottom Line framework (Elkington, 2013), which includes social, environmental, and economic aspects in assessing corporate sustainability (Ranganathan, 1998). Sustainability reporting increases corporate accountability, provides access to appropriate, comparable, and consistent information to stakeholders, and contributes to increasing company legitimacy, sources of funding, and administration. Corporate sustainability is an essential component of business research and is often used to investigate corporate

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structure, strategy, and planning (Dess & Robinson Jr., 1984). The company's sustainability performance includes marketing, financial, and human resource performance and indicates success in achieving company goals. Good sustainability performance shows the efficiency and success of the company, as well as the relevance of the information obtained. Corporate sustainability is essential for resource allocation and management decision-making. Financial and non-financial reports reflect the company's condition and its impact on the environment (Staniškis & Arbačiauskas, 2009).

The sustainability of the banking sector is crucial for a country; in technological developments making competition in financial services and financial intermediation very fierce, banks are now facing challenges such as the existence of financial technology and peer-to-peer lending (online loans), which are overgrowing. Therefore, an appropriate sustainability model is needed for banking in Indonesia.

METHODS

. This study will use a systematic review methodology to determine how sustainability performance in the banking industry is determined with information from the international journal Emerald as the data source. Twenty journals specializing in banking sustainability performance are the research data population. A systematic review is a type of research method that studies a particular topic focusing on one question that has been systematically found, evaluated, selected, and answered according to established criteria based on evidence from high-quality research relevant to the research question. The systematic literature review approach provides benefits in obtaining reliable and valuable results from previous research on a particular phenomenon.

RESULT AND DISCUSSION

Banking Sustainability Development Stage

Karimi and Hojati (2021) developed a model system to measure bank sustainability using scores from a questionnaire. This model can predict a bank's sustainability level with an accuracy of 95.6% based on 17,230 generated rules. This study also shows that financial sector sustainability reporting in China underwent three stages of development, reflecting the role of institutional theory and regulatory pressures. Research by Dong, Xu, and McIver (2020) uses the content analysis method to examine the volume, frequency, and content of sustainability disclosures by Chinese financial institutions. Its findings finding institutional and regulatory pressures can explain the reporting behavior of financial companies.

ESG Initiatives and Green Banking

Research by Bhaskaran, Sujit, and Mongia (2021) shows that banks with high social and governance activities have a positive market valuation effect. Adequately capitalized banks tend to invest more in social initiatives, whereas lower-risk banks have less social investment. Bank performance is increasingly closely related to environmental changes and risks such as climate change; many bank debtors in the agricultural sector are affected by the extreme climate change that is currently happening. Mir and Bhat's research (2022) uses a systematic literature review to

explore green banking practices in India and Bangladesh, finding that green banking is necessary to maintain sustainability by minimizing negative environmental impacts. Green banking practices include online transactions and M-Banking to reduce paper usage. The bank also provides green credit for projects that support environmental preservation. Implementing Green Banking has various benefits, such as increasing quality assets, better reputation, reducing operational costs, increasing employee productivity, and using environmentally friendly technology. This study concludes that banks have an essential role in developing a low-carbon economy and have a positive relationship with sustainable growth and development. Saeudy, Atkins, and Barone's (2021) research involved interviews with senior banking managers in the UK to explore sustainability initiatives in risk and reputation management. The findings show that sustainability initiatives are used to rebuild trust and address systemic risks related to climate change. Weber's research (2017) analyzed reports and websites of Chinese banks and found improvements in environmental and social performance between 2009 and 2013. The study also shows a two-way relationship between the financial and sustainability performance of Chinese banks, which the Green Credit Policy may influence.

Governance and Social Responsibility

Research by Danso et al. (2022) examines the relationship between sustainability orientation and chief executive officer (CEO) in businesses mediated by the implementation of corporate social responsibility (CSR). This research uses data from 211 start-ups in Ghana. The results show that CSR implementation mediates the relationship between sustainability orientation and business growth. However, this influence weakens as the company's financial condition improves. At a higher level of CEO power, the influence of sustainability orientation on CSR implementation becomes stronger. Research by Amidjaya and Widagdo (2019) investigates the relationship between ownership and governance structures and sustainability reporting in registered banks in Indonesia. This study uses balanced panel data with 155 observations from 2012 to 2016. The results show that family ownership negatively affects governance, while foreign ownership does not have a significant moderating role. Research also shows that digital banking and sustainable finance roadmaps do not affect a bank's intention to make a sustainability report.

Religiosity: Sharia vs Non-Sharia

Hamidi and Worthington's research (2021) proposes a Quadruple Bottom Line (QBL) model by adding a "prophet" dimension that reflects adherence to Islamic law in the pursuit of sustainability. This study uses survey data from 504 stakeholders of Islamic Banks in Indonesia. The study results show that most of the banks are performing quite sustainably, but there is room for improvement in all dimensions of sustainability, especially the "planet" and "people" dimensions. The "prophet" dimension has better performance. Research by Aliyu et al. (2017) proposes a sustainable Islamic Microfinance Bank business model using Islamic Moral Transactions as a moderator. Research shows that the failure of Microfinance Banks to provide socio-economic support to poor clients is linked to poor risk management and ineffective corporate governance. To improve this situation, Islamic principles, such as interest-free loans, have become an alternative policy

that helps people repay loans. Islamic finance has a relationship with the real economy through direct investment and high moral principles. This study found that the Islamic Moral Transaction model can moderate a sustainable Islamic banking business and impact the sustainability of Islamic Microfinance Banks and the welfare of society through broader access to finance. Hambali and Adhariani's research (2022) analyzes the sustainability performance of Sharia-based companies after the pandemic. This study shows that Islamic companies generally have higher sustainability performance, but not during the COVID-19 pandemic. The results of this study indicate that the pandemic did not trigger an increase in the sustainability performance of Sharia companies, indicating a "business-as-usual" approach applied by companies regardless of the Sharia label.

Risk Management

The Bank faces negative perceptions related to weak risk management and governance. Environmental, social, and governance sustainability initiatives are needed to overcome this problem (Bhaskaran et al., 2021). Oyewo's research (2021) found that bank attributes such as level of capital, scope of operations, interests, and systemic measures significantly affect risk management practices. Banking performance also improved during the banking reform period in Nigeria. Effective risk management can improve a bank's long-term performance and serve as a competitive strategy to survive uncertainty.

Government Policy

Gubareva's research (2021) shows that the sustainability of traditional banking requires a model change and still relies heavily on government support to maintain business continuity. Furthermore, Takyi and Naidoo's research (2022) explores the impact of implementing a recapitalization by the Bank of Ghana on access to local bank capital. This research emphasizes the importance of government directives in shaping bank regulations and strategies, as well as the need for good communication and implementation of policies to reduce negative consequences.

Digitalization and Globalization

Research by Tsindeliani et al. (2021) investigates the digitalization of the Russian banking sector and its impact on the development of the digital economy. The research results show that digitalization and economic globalization encourage international regulatory cooperation and the adoption of new regulations in financial markets. The digitization of relations in the banking sector is expected to increase the effectiveness of implementing precautionary rules and the protection of public interests. Furthermore, Avci and Sungu-Esen's research (2022) shows that country-level sustainability scores positively and significantly impact cross-border banking flows to actual sector companies. This finding emphasizes the importance of country-level sustainability investments to increase resident enterprise financing.

Service Quality

Research by Tan, Chew, and Hamid (2017) uses the service quality gap model to improve the concept and definition of sustainable service quality in the banking sector. The results show that banking sustainability is driven by macro, meso, and micro factors, including pressure from the external environment and internal bank stakeholders. Wolfson et al. (2015) introduced a continuous service design model to create services that meet customer demands and can last for a long

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time. The findings suggest that sustainable services must mimic natural processes, consider the rational use of resources, and integrate environmental, social, and economic elements. Thus, sustainable service is the key to business continuity and the future of future generations.

Regulatory Compliance

Research by Shamshad et al. (2018) uses an Interpretive Structural Modeling approach to build relationships between sustainable banking factors. The research results show that legal and environmental compliance are key factors that drive other factors in sustainable banking. This challenges and motivates business people to take sustainable steps in creating sustainable business opportunities and collaborations.

Human Resources

Research by Taha and Taha (2022) found that human resource management (HR), HR acquisition and preparation, HR assessment and development, and HR compensation are positively related to economic sustainability in the banking sector. Research Mancini et al. (2020) point out that there are varying levels of involvement in the HR dimension of sustainability in the Brazilian banking industry

CONCLUSION

In achieving banking business sustainability, several things need to be considered. First, adopt a Green Banking business model that integrates environmental management and banking operations, intending to create environmentally friendly operations. Second, the importance of good governance, including having a CEO with good characteristics and well-established risk management. Third, religious values can also be part of the banking business sustainability model. Fourth, family ownership also impacts the sustainability of the banking business in Indonesia. Fifth, the government's role in encouraging transparency through regulations is also important in promoting sustainability. Finally, the use of digitalization and website technology can increase the sustainability of the banking business.

SUGGESTION

There are several suggestions for further research. First, it is necessary to carry out in-depth research regarding the implementation of green banking practices in various countries or regions and evaluate their impact on the sustainability of the banking business and the environment. Second, research is needed that compares the adoption of the Green Banking business model between banks to measure differences in sustainability performance. Furthermore, it is crucial to analyze the factors that influence adopting sustainable corporate governance practices to explore possible shifts in good governance in facing the challenges of the times. In addition, research is needed to analyze the use of technology, such as websites and mobile banking applications, to reduce environmental impact and increase operational efficiency. Furthermore, research on the influence of religious factors in sustainable banking decision-making can provide insight into how religious values influence business behavior and banking sustainability performance. Finally, it is essential to examine the government's role in encouraging banking business

sustainability through regulations and policies, as well as measuring the impact of these policies on bank sustainability performance.

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