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Sustainable Banking Analysis Based on a Qualitative Study Approach

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Abstract: Sustainable development is necessary for banks to achieve their financial development goals. The present study aims to present a sustainable banking model based on strategic options development and analysis. This qualitative study was conducted on the experts of Iran's banking industry. Accordingly, 15 samples were selected by purposeful sampling. In the qualitative section, the components of sustainable banking were identified by the SODA method. Finally, 10 primary components and 140 secondary components were obtained from the analysis of the interviews. The primary components included environmental factors, social factors, economic factors, new and green technologies, clean energy, human resources, bank customers and bank management, macro and government factors, and the implications of sustainable banking. Several key elements were identified based on the results obtained from the SODA method. They include human capital, economic factors, environmental and social factors, and the measures taken in this area are mostly related to production management (sustainable production). Finally, the goals of sustainable banking are sustainable growth and development, bank research and development, and organizational transformation.

Keywords: *Sustainable Banking, Sustainable Development, Strategic Options Development and Analysis.*

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Introduction

Banks play a vital role in the growth and development of the economy of any country. The presence of the bank as a driving force of economy and trade as the main provider of services for local, national, and international communities is vital and undeniable. Thus, financial and monetary enterprises and companies have been considered a crucial and increasing global issue among governments and social decision-makers in recent years (Moradi et al., 2019). Banks also have different stakeholders, such as shareholders, customers, employees, government, society, other banks, and non-governmental organizations, who put pressure on banks to fulfill environmental and social tasks (Pejuhandeh, 2015). All organizations have considered the elements of sustainability and provided social and environmental reports to respond to these pressures. Thus, all companies, financial institutions, non-governmental organizations, and other businesses are responsible for the process of sustainable development. Additionally, banks play a special role in economic growth and inflation control as the primary component in directing and managing funds. In this regard, the economic system and the banking system sometimes face new conditions, so they are forced to adopt policies to deal with these issues (Jafari Gorji et al., 2019).

Sustainable banking is an approach to support the innovative goals of leading companies seeking to provide services and products in line with the development of social missions and green economy. The major strategy of sustainable banking is to simultaneously support economic development and supply the world's future resources (Ali Ahmadi et al., 2019). A high cost and support is required to achieve the goals of sustainable development. Banks are the biggest financial institutions providing this cost in developing countries like Iran. Also, observations and studies indicate that the country's banking industry, despite good progress, is still far from the developed countries in this area. A brighter perspective can be considered for the country's electronic banking industry by using the technology transfer process (Rezaei, 2023). The present study presents a sustainable banking model based on strategic option development and analysis. This chapter presents the outline of the study. In this regard, the research problem is first explained. Then, the necessity of conducting the research is presented. The purpose of conducting the research is also discussed in this chapter, followed by presenting research questions, the innovation aspect of the research, and the conceptual and operational definitions of the research variables.

Methodology

Research environment and population:

The statistical population of this study in the qualitative section included experts in Iran's banking industry. Purposeful and non-probabilistic sampling was used in the qualitative section. The

sampling process in the qualitative phase continued until theoretical saturation was achieved. In this study, the purposeful sampling method will be used to select experts. The selection of experts continued until theoretical saturation was achieved. If the analysis results were not sufficient, more interviews were conducted.

Defining the expert based on the exact specifications of the experts is the first step to calculating the sample size. A comprehensive definition should be provided by experts. In this study, an expert is a person who has the following characteristics:

- Having at least twenty years of employment history in Iran's banking industry.
- Having at least a master's degree.
- Having education related to management and banking.
- Having at least ten years of management experience in one of the bank branches

Accordingly, in this study, the opinions of the banking industry experts will be used with the specifications presented in (Table 1), until the theoretical saturation is achieved.

Table 1: Determining the Research Sample

Qualified experts	Criteria	Symbol	Expert index
21	Above 15 years or $\alpha \geq 5$	α	Level of relevant experience
15	Postgraduate education (master's degree $\leq \beta$)	β	Level of Education
reaching theoretical saturation	More than 15 years of experience and postgraduate degree	$\alpha \cap \beta$	Final experts

Data Collection Method

Strategic option development and analysis (SODA) is a method proposed by Colin Eden and Frank Ackerman. SODA is an appropriate method for solving complex problems because it uses cognitive mapping to understand the problem and what may happen around it. The SODA approach is presented considering the theory of cognitive mapping and methods based on understanding and interpreting other people's views of reality. This method includes two different methodologies and the SODA method will be used in this study. This method is based on unifying individual cognitive maps to help groups with complex issues. This method emphasizes the presence of an analyst or facilitator to help build cognitive maps and guide the group to reach a common understanding and agreement. The analyst should conduct a semi-structured interview with people and try to draw a graph that includes the mental concepts of people and the associations between these concepts. The primary goal of SODA is to achieve an understanding and agreement among the group members about the discussed issue. SODA is a way to work on complex issues. This approach is designed to help research consultants in operations and acts as a facilitator. It is one of the methods of analysis and structuring of cognitive mapping that helps to negotiate between group members.

Statistical Analysis:

The Strategic Option Development and Analysis (SODA) was used. At this stage, the categories of sustainable banking were identified and its initial model was developed. Decision Explorer software was used to support the above processes.

Results

Five of the interviewees were female and 10 were male. Concerning their age, all people were over 40 years old. Concerning their education, 6 people had a master's degree and 9 people had a PhD degree. Concerning their employment history, all the interviewees had more than 10 years of history. Also, 7 of them were university professors, and 8 were bank managers.

After completing the interviews and juxtaposing the maps obtained in this step, the facilitator integrates the maps and obtains the total map. In this step, the concepts and relationships between them, obtained from separate interviews with experts, were juxtaposed, and the relationships were combined, and integrated, and finally, a single map was obtained. (Table 1), shows the concepts obtained by separating the primary and secondary concepts.

Table 2: Integration of Expert Maps

Primary concepts	Secondary concepts
Environmental factors	Recycle
	Green services
	Environmental considerations for the customer
	social responsibility
	Green banking
	Environmental policies
	Environmental sustainability advertising
	Environmental Protection
	Environmental knowledge and sustainability
	Relations with the environment and society

	Not cutting of trees
	Not creating pollution
	No loss of services for the environment
	Compensation for environmental problems
	Green economy development
	Supporting green companies
	Environmental measures
	Sustainability cost report
	Providing green facilities and services
	Observing environmental issues in the payment of facilities
	Participation in environmental improvement projects
	Paying attention to environmental issues in the bank's internal processes
	Implementation of environmental improvement programs
	Considering quality management and compliance with environmental regulations
	Enhancing knowledge about environmental issues
	Reducing the environmental impact of services
	Transparency and presentation of environmental reports
	Increasing the bank's reputation for environmental issues
Social factors	Social welfare
	Society's preferences
	Helping society
	human flourishing
	Helping the society
	Social transformation plan
	Citizen support
	Public health development
	Social resilience
	Human rights issues
	Supporting education and culture
	Supporting low-income and vulnerable people
	Supporting women and children
	Supporting rural development projects
	Supporting the health of the community
	Creating jobs for people in the society
	Changing people's mentality
	Ethical banking
	Innovative culture
	Sustainability culture
Economic factors	Allocation of funds for green measures
	Participation in the economic plans of the country
	Participation in international business
	Contributing to national development capacity
	profitability
	returns to scale
	banking health
	Ensuring the business ecosystem
	Market structural transformation
	Creating new value streams
	Combating bribery and corruption
	Reducing production cost
	Increasing productivity
	Development of new services
	New investments
	economic reforms
	Increasing competition
	Green innovation
	Emphasis on innovation
New and green technology	Using big data
	Using the Internet of Things
	Technological evolution
	Production of high and medium technology services
	electronic banking
	Mobile Bank
	online services
	Artificial intelligence

	The use of clean technology
	Digitization
	mobile internet
Clean energies	The use of renewable energy
	energy saving
	Policymaking to reduce energy consumption
	Providing facilities aimed at reducing energy consumption
	Reducing energy consumption in banking processes
	Energy consumption management
human resources	Using human capital in the service process
	Employee participation in decision-making
	Employee performance evaluation based on social responsibility
	Paying attention to employee salaries and benefits
	Providing welfare facilities to employees
	Employees' attention to social responsibility issues
	Emphasis on the ethical issues of employees
Macro and government factors	Sustainability technology risk
	Economic policies
	Corrective measures in providing services
	Increasing the security of electronic services
	Government support
	Setting rules and regulations and standards
Bank customers	Customer expectations
	Customer loyalty
	Customer satisfaction
	Providing value to customers
	Stable relationships with customers
	Customer health
	Customer welfare
	Customer preferences
	Customer retention with green services
	Communication with customers
Bank management	strategic planning
	Transparency information
	Managers' commitment to sustainability
	Interaction with stakeholders and stakeholders
	Use of global sustainability standards
	Providing a safe working environment
	Diversity of services
	Human resources management
	Auditing
	Supporting entrepreneurs
	Production management and sustainable production
	Corporate governance
	risk management
	Value co-creation
	Marketing Management
	Infrastructure development
Implications of sustainable banking	Improving banking performance
	Sustainable growth and development
	Bank research and development
	Creating win-win conditions
	Competitiveness in foreign markets
	organizational reform
	operational development
	Creating a boom in the technology market
	Creating a sustainable service landscape
	organizational development
	Dynamics and flexibility
	Industry sustainability
	Long-term relationships with customers
	Quality of service
	Employment
	Fair distribution of wealth
	Poverty Reduction

(Table 3), presents the basic issues in the present study model.

Table 3. Basic Issues in the Present Study Model

Goals	Subjects	Actions	Options
Sustainable growth and development	Sustainable banking	Production management	Human Capital
Bank research and development			Economic factors
Organizational reform			Environmental factors
			Social factors

Several key elements were identified in this study, which focuses on sustainable banking. They include human capital, economic factors, environmental factors, and social factors. The measures taken in this are mostly related to production management (sustainable production). The goals of sustainable banking are sustainable growth and development, bank research and development, and organizational transformation.

Key elements of sustainable banking in this study:

Human capital:

- Development of skills and knowledge: improving the skills and knowledge of bank employees in the area of sustainability and new technologies for greater productivity in the implementation of sustainable banking activities.
- Increasing safety and health: creating appropriate health and safety conditions in the work environment for bank employees to maintain their health.

Economic factors:

- Sustainable financial management: implementing financial management policies and strategies with a focus on increasing revenue, reducing costs, and improving profitability in the long term.
- Investing in sustainable projects: allocating financial resources to projects and activities that deal with sustainable development, including projects that show commitment to the environment.

Environmental factors:

- Environmental protection: paying attention to environmental issues and implementing policies and measures leading to environmental protection.
- The use of renewable energy: allocating resources to use renewable energy to reduce negative impacts on the environment.

Social factors:

- Commitment to social justice: implementation of policies and actions that ensure equal roles and social justice.
- Support for youth and women: providing opportunities and support for youth and women in the area of sustainable banking to realize social development.

Measures in the area of sustainable production:

- The use of sustainable technologies: implementation of new technologies in banking activities increases productivity and negative impacts decrease.
- Social responsibility: implementation of programs and projects that refer to the bank's social responsibility toward local and global communities.

Goals of sustainable banking:

- Economic growth and sustainable development: achieving sustainable economic growth and development by respecting social and environmental issues.
- Bank research and development: allocating resources to research and development activities for innovation in banking services and production
- Organizational transformation: Changes aim to create a dynamic, flexible, and stable organization that will gradually participate in the sustainable growth and development of society and the environment.

Discussion and Conclusion

Sustainable banking is a strategy that refers to achieving bank profitability considering social issues and environmental sustainability. This type of banking represents those banking activities, products, and services that help today's and tomorrow's social and human development. Also, it is considered to respond to the real needs of today. It also considers the social, cultural, and environmental sustainability of the society. Generally, sustainable banking means directing investment and risk management of products and services toward economic, social, and environmental development in the long term with minimum damage. This means that the bank's operational activities and investment decisions should be made not only with a short-term profitability criterion but also with a long-term perspective. Also, the interrelationships between economic, social, and environmental interests should be considered in this regard. Generally, sustainable banking is a new concept in achieving the goals of sustainability and sustainable development. This concept is very close to green banking, social banking, and ethical banking. This method of banking is crucial, especially in developing countries. To achieve the goals of sustainable banking, it is necessary to identify and conceptualize its underlying factors. The present qualitative study aims to present a model for sustainable banking.

Environmental factors include recycling, green services, environmental considerations for customers, social responsibility, green banking, environmental policies, environmental sustainability advertising, environmental protection, environmental knowledge and sustainability, relations with the environment and society, not cutting trees, not creating pollution, not harming services to the environment, compensating environmental problems, developing green economy, supporting green companies, environmental measures, reporting sustainability costs, providing green facilities and services, observing the environmental issues in payment of facilities, participation in projects related to environmental improvement, paying attention to environmental issues in the bank's internal processes, implementing programs related to environmental improvement, considering quality management and observing the environmental

regulations, enhancing knowledge about environmental issues , reducing the environmental impact of services, transparency and providing environmental reports, and increasing the bank's reputation about environmental issues. Therefore, environmental factors that aim to improve the environment and reduce pollution are among the factors that are vital for sustainable banking (Ataei-Qaracheh & Davoodi, 2021).

Social factors include social welfare, society's preferences, helping society, human flourishing, helping society, social transformation plan, supporting citizens, developing public health, social resilience, human rights issues, supporting education and culture, supporting people low-income and vulnerable people, supporting women and children, supporting rural development plans, supporting health and community health, creating jobs for people, changing people's mentality, ethical banking, innovative culture, and sustainable culture. Thus, it is essential to provide conditions in society and consider the welfare of the people to implement sustainable banking (Allen, 2017).

Economic factors include budget allocation for green measures, participation in the country's economic plans, participation in international businesses, contribution to national development capacity, profitability, banking health, ensuring the business ecosystem, market structural transformation, creating new value streams, combating bribery and corruption, reducing production costs, increasing productivity, developing new services, new investments, economic reforms, increasing competition, green innovation, and emphasis on innovation. Thus, the economic factors that are in line with profitability and bank costs should be economically healthy to form sustainable banking (Kannan, 2017).

New and green technology includes using big data, using Internet of Things, technology transformation, the production of high and medium technology services, electronic banking, mobile banking, online services, artificial intelligence, using clean technology, digitization, and mobile internet. Digital technologies can be an appropriate method to implement sustainable banking. This technology provides the conditions for creating sustainable banking by reducing paperwork and cutting trees (Azar & Bayat, 2018).

Clean energy includes using renewable energy, saving energy, policymaking to reduce energy consumption, providing facilities aimed at reducing energy consumption, reducing energy consumption in banking processes, and managing energy consumption. Thus, attention should be paid to its cleanliness and renewable nature in the use of energy (Taghavi Fard et al., 2019).

Human resources include using human capital in the service process, employee participation in decision-making, evaluating employee performance based on social responsibility, paying attention to employee rights and benefits, providing employees with welfare facilities, paying attention to employees' social responsibility issues, and emphasizing employees' ethical issues (Moradi et al., 2019).

Macro and government factors include sustainable technology risk, economic policies, corrective measures in providing services, increasing the security of electronic services, government support, and setting rules and regulations, and standards (Asheghi, 2017).

Bank customers include customer expectations, customer loyalty, customer satisfaction, providing value to customers, sustainable customer relations, customer health, customer welfare, customer preferences, customer retention with green services, and customer communication (Ubeda et al., 2022).

Bank management includes strategic planning, information transparency, managers' commitment to sustainability, interaction with stakeholders and shareholders, using global standards related to sustainability, providing a safe work environment, diversity of services, human resources management, auditing, supporting entrepreneurs, production management, corporate governance, risk management, value co-creation, marketing management, and infrastructure development (Yip & Bocken, 2018).

The sustainable banking implications include improving banking performance, sustainable growth, and development, bank research and development, creating win-win conditions, competitiveness in foreign markets, organizational transformation, operational development, creating a boom in the technology market, creating a sustainable service landscape, organizational development, dynamism and flexibility, industry sustainability, long-term relations with customers, service quality, job creation, fair distribution of wealth, and poverty reduction (Dugelay & Asiru, 2017).

To achieve sustainable development goals, banks are considered the most crucial financing institutions. Identifying and evaluating the critical success factors of sustainable banking are prerequisites for achieving sustainable development goals. The financial resources necessary for sustainable development will be provided if the strategic approach to banking is developed based on the sustainability model. The banking system and financial institutions play a crucial role in government policies and economic performance in providing public services to citizens in all industries and forms of business. The government's goals in providing public services to people depend on the financial resources provided by the banking system. As governments and societies are moving toward sustainable development goals, financial support for this development through the banking system is studied under the title of sustainable banking.

Sustainable banking is an approach to support the innovative goals of leading companies seeking to provide services and products in line with the development of social missions and green economy. The primary strategy of sustainable banking is to simultaneously support economic development and supply the world's future resources. Companies are seeking to develop innovative products and services in line and compatible with the goals of sustainability and conservation of resources since the social responsibility of companies has increased significantly. This new development requires financial resources. Providing the necessary financial resources is discussed in sustainable banking. Thus, the goal of sustainability banking in the banking system is to support the green development of the company.

The results of this study are consistent with those of the studies by (Aghaeipour Noei et al., 2023), (Khosravi et al., 2023), (Taghavi Fard et al., 2019), (Moradi et al., 2019), (Asheghi, 2017), (Ubeda et al., 2022), (Yip & Bocken, 2018) and (Dugelay & Asiru, 2017).

This study presents an indigenous innovative model for sustainable banking. It was designed to expand the existing

knowledge. This model can help to better understand and expand the existing knowledge in this area. It also helps to promote the theory in banking by providing a new model for a sustainable banker. This model is supported through empirical analyses that demonstrate the impact of sustainable approaches in banking.

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