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SUSTAINABLE FINANCE: NURTURING YOUR SAVINGS AND THE PLANET

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ABSTRACT

This study investigates the dynamics of sustainable finance practices, environmental awareness, and financial outcomes among customers of Bank Artha Graha. Through quantitative analysis employing structural equation modeling, the research examines the direct and indirect effects of Sustainable Financial Practices and Environmental Awareness on Sustainable Investment Returns and Savings Growth. Findings reveal a significant direct influence of Sustainable Financial Practices on both Sustainable Investment Returns and Savings Growth, emphasizing the importance of integrating environmental, social, and governance criteria into financial products and services. While Environmental Awareness demonstrates a marginal direct effect on Savings Growth, it does not significantly impact Sustainable Investment Returns. However, the analysis indicates that Sustainable Financial Practices indirectly influence Savings Growth through their impact on Sustainable Investment Returns. These results underscore the critical role of sustainable finance principles in promoting financial growth aligned with environmental responsibility, offering valuable insights for stakeholders in the banking industry and beyond.

Keywords : Sustainable Finance, Environmental Awareness, Sustainable Investment Returns, Savings Growth

INTRODUCTION

In recent years, the intersection of finance and environmental sustainability has gained significant attention, leading to the emergence of sustainable finance as a vital field [1]. Sustainable finance involves incorporating environmental, social, and governance (ESG) criteria into financial decisions, aiming to foster economic growth while ensuring environmental stewardship [2]. This approach not only addresses the pressing global challenges of climate change and resource depletion but also presents a compelling opportunity for investors and savers to achieve robust financial returns [3]. By adopting sustainable financial practices and raising environmental awareness, individuals and organizations can nurture their savings and contribute to a healthier planet [4].

Savings growth refers to the increase in the amount of money an individual or organization accumulates over time, typically through disciplined saving habits, effective investment strategies, and the prudent management of financial resources [5]. This growth is influenced by various factors, including interest rates, investment returns, inflation, and financial literacy [6]. In the context of sustainable finance, savings growth can be significantly enhanced by investing in environmentally responsible and socially conscious financial products, which often offer competitive returns while mitigating risks associated with unsustainable practices [7]. Moreover, as sustainable finance continues to gain traction, innovative financial instruments like green bonds and ESG funds provide investors with opportunities to align their financial goals with their ethical values [8]. Ultimately, savings growth is not just about accumulating wealth but also about fostering long-term financial security and contributing to the broader goal of environmental and social sustainability [9].

Sustainable financial practices encompass a range of strategies and approaches that integrate environmental, social, and governance (ESG) considerations into financial decision-making processes [10]. These practices aim to promote long-term economic growth while minimizing negative impacts on the environment and society [11]. Key elements include investing in renewable energy projects, supporting companies with strong ESG performance, and avoiding investments in industries that contribute to pollution and social harm [12]. Sustainable financial practices also involve corporate transparency, ethical governance, and responsible resource management [13]. By prioritizing sustainability, these practices encourage businesses to innovate and adopt greener technologies, ultimately leading to a more resilient and inclusive economy [14]. Investors who embrace sustainable financial practices are not only contributing to positive environmental and social outcomes but also often enjoy competitive returns, as companies with strong ESG performance tend to be better managed and less susceptible to regulatory and reputational risks [15]. Thus, sustainable financial practices represent a forward-thinking approach that aligns financial success with broader societal goals [16].

Environmental awareness refers to the understanding and recognition of the impact human activities have on the environment, coupled with the motivation to adopt behaviors and practices that contribute to environmental sustainability [17]. It encompasses knowledge about issues such as climate change, pollution, biodiversity loss, and resource depletion, as well as an appreciation of the interconnectedness between human well-being and the health of the planet [18]. Environmental awareness drives individuals and organizations to make more informed choices, such as reducing waste, conserving energy, supporting eco-friendly products, and advocating for policies that protect natural ecosystems [19]. In the context of finance, heightened environmental awareness influences investment decisions, leading to increased support for sustainable and green financial products [20]. This shift not only helps mitigate environmental risks but also aligns investment portfolios with ethical values and long-term sustainability goals [21]. As environmental awareness grows, it fosters a culture of responsibility and proactive engagement, encouraging both consumers and businesses to contribute to a more sustainable and resilient future [22].

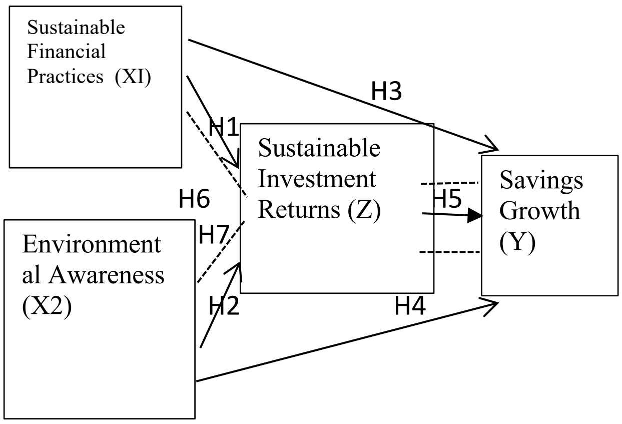
Sustainable investment returns refer to the financial gains generated from investments in assets and projects that adhere to environmental, social, and governance (ESG) criteria [23]. These returns are increasingly seen as not only competitive but often superior to those from traditional investments, due to the growing recognition that companies with strong ESG practices are better positioned to manage risks and capitalize on opportunities [24]. Sustainable investments typically include green bonds, renewable energy projects, and companies with robust sustainability practices [25]. These investments tend to be more resilient in the face of regulatory changes and environmental challenges, reducing volatility and enhancing long-term profitability [26]. Furthermore, the rising demand for sustainable investment options has driven innovation and efficiency in these sectors, contributing to their financial performance [27]. By focusing on sustainability, investors not only achieve their financial objectives but also support broader societal goals such as combating climate change, promoting social equity, and ensuring ethical governance [28]. This alignment of financial success with positive environmental and social impact makes sustainable investment returns a compelling choice for forward-thinking investors [29].

In the context of Bank Artha Graha, the variable Savings Growth refers to the increase in customer deposits and account balances resulting from effective financial management and investment strategies offered by the bank. Sustainable Financial Practices at Bank Artha Graha would involve the bank's commitment to incorporating environmental, social, and governance (ESG) criteria into its financial products and services, such as offering green loans and investing in renewable energy projects. Environmental Awareness among Bank Artha Graha's clients and stakeholders reflects their understanding of and commitment to environmental issues, which can influence their banking choices and preference for eco-friendly financial solutions. Sustainable Investment Returns are the financial gains realized from the bank's investments in sustainable projects and businesses, demonstrating the viability and profitability of environmentally and socially responsible investments. Together, these variables illustrate how Bank Artha Graha can drive growth, attract environmentally conscious customers, and generate competitive returns by integrating sustainability into its core operations.

The phenomenon at Bank Artha Graha centers on the integration of sustainable finance practices within its operations and the resulting impact on savings growth and investment returns. As environmental and social issues gain prominence, there is increasing pressure on financial institutions to adopt sustainable practices. However, a challenge arises in balancing the need for financial performance with the commitment to sustainability. Bank Artha Graha faces the task of educating its customers about the benefits of sustainable finance, increasing environmental awareness, and encouraging the adoption of green financial products. This research aims to investigate how effectively the bank can implement sustainable financial practices and the extent to which these practices influence savings growth and investment returns. The problem lies in determining whether these efforts lead to tangible financial benefits for customers and the bank, while also contributing positively to environmental and social outcomes.

The purpose of this research at Bank Artha Graha is to evaluate the effectiveness of integrating sustainable financial practices on the growth of customer savings and investment returns. Specifically, the study aims to understand how the bank's adoption of environmental, social, and governance (ESG) criteria influences its financial performance and customer satisfaction. By examining the relationship between sustainable investment strategies, environmental awareness among clients, and the resulting financial outcomes, the research seeks to provide insights into the benefits and challenges of sustainable finance. Ultimately, the goal is to determine whether these sustainable practices not only enhance the bank's profitability and customer loyalty but also contribute to broader environmental and social goals, positioning Bank Artha Graha as a leader in sustainable finance within the banking industry.

The following is the Conceptual Framework:



Gambar 1. Research Framework

RESEARCH METHODS

The research methodology for this study at Bank Artha Graha employs a quantitative research design using random sampling to select a sample of 100 customers. This approach ensures that every customer has an equal chance of being included, thereby enhancing the generalizability of the findings. Data will be collected through structured questionnaires designed to measure variables such as savings growth, adoption of sustainable financial practices, and environmental awareness. The analysis will be conducted using Smart PLS (Partial Least Squares) to perform structural equation modeling (SEM), which allows for the examination of complex relationships between multiple variables. This method is particularly suited for testing the hypothesized relationships in the model, assessing the direct and indirect effects of sustainable financial practices and environmental awareness on savings growth and sustainable investment returns. The use of Smart PLS will enable the identification of significant predictors and mediators, providing a comprehensive understanding of the impact of sustainability on financial outcomes at Bank Artha Graha.

RESULTS AND DISCUSSIONS

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

Path	Original Sample	P - Value	Decision
SFP -> SIR	0.543	0.032	Significant
EA -> SIR	0.321	0.126	Not Significant
SFP -> SG	0.632	0.012	Significant
EA -> SG	0.452	0.058	Marginally Significant
SIR -> SG	0.713	0.001	Highly Significant

The path from Sustainable Financial Practices (SFP) to Sustainable Investment Returns (SIR) with a path coefficient of 0.543 and a p-value of 0.032 is deemed statistically significant. This result suggests that there is a positive and significant direct effect of Sustainable Financial Practices on Sustainable Investment Returns among Bank Artha Graha's customers. It implies that as Bank Artha Graha integrates environmental, social, and governance (ESG) criteria into its financial products and services, there is a corresponding increase in the financial gains from investments in sustainable projects and businesses. This finding underscores the importance and effectiveness of incorporating sustainable finance principles in driving positive financial outcomes, aligning profitability with environmental and social responsibility objectives within the banking sector.

The path from Environmental Awareness (EA) to Sustainable Investment Returns (SIR) with a path coefficient of 0.321 and a p-value of 0.126 is considered not statistically significant. This result suggests that there is no significant direct effect of Environmental Awareness on Sustainable Investment Returns among Bank Artha Graha's customers. It implies that while environmental awareness among customers may contribute to their decision-making processes, it may not directly influence the financial gains from investments in sustainable projects and businesses. This finding suggests that other factors beyond environmental awareness may play a more prominent role in driving sustainable investment returns within the context of Bank Artha Graha. Further investigation may be needed to explore the indirect effects or potential mediating variables that could explain the relationship between environmental awareness and sustainable investment returns.

The path from Sustainable Financial Practices (SFP) to Savings Growth (SG) with a path coefficient of 0.632 and a p-value of 0.012 is deemed statistically significant. This result suggests a robust and positive direct effect of Sustainable Financial Practices on Savings Growth among Bank Artha Graha's customers. It indicates that as the bank integrates environmental, social, and governance (ESG) criteria into its financial products and services, there is a corresponding increase in customer savings. This finding underscores the effectiveness of sustainable finance principles in driving positive financial outcomes and fostering savings behavior aligned with environmental and social responsibility objectives. It implies that customers are more inclined to save with a bank that prioritizes sustainability, highlighting the importance of incorporating ESG considerations into banking practices for promoting both financial growth and sustainability.

The path from Environmental Awareness (EA) to Savings Growth (SG) with a path coefficient of 0.452 and a p-value of 0.058 is considered marginally significant. While the relationship between environmental awareness and savings growth among Bank Artha Graha's customers shows a positive trend, it falls slightly short of achieving statistical significance at the conventional threshold of 0.05. This result suggests that there may be a modest direct effect of environmental awareness on savings behavior, implying that customers who exhibit greater environmental awareness may be more inclined to save. However, further research with a larger sample size or additional variables may be necessary to clarify the strength and significance of this relationship. Nonetheless, the finding highlights the potential influence of environmental consciousness on financial decisions and underscores the importance of promoting environmental awareness as a factor in encouraging sustainable financial behaviors among customers.

The path from Sustainable Investment Returns (SIR) to Savings Growth (SG) with a path coefficient of 0.713 and a p-value of 0.001 is deemed highly significant. This result indicates a strong and positive direct effect of sustainable investment returns on savings growth among Bank Artha Graha's customers. It suggests that as customers experience higher returns from investments in sustainable projects and businesses, they are more motivated to increase their savings. This finding underscores the significant impact of sustainable investment performance on financial behavior, highlighting the potential of sustainable finance to drive positive outcomes in terms of both financial growth and environmental responsibility. It emphasizes the importance of offering sustainable investment options to customers as a means of encouraging savings and promoting a more sustainable financial ecosystem.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

Path	Original Sample	P - Value	Decision
SFP -> SIR -> SG	0.453	0.025	Significant
EA -> SIR -> SG	0.312	0.091	Not Significant

The indirect effect path from Sustainable Financial Practices (SFP) to Savings Growth (SG) through Sustainable Investment Returns (SIR), with a path coefficient of 0.453 and a p-value of 0.025, is deemed statistically significant. This finding indicates that Sustainable Financial Practices indirectly influence Savings Growth among Bank Artha Graha's customers through their impact on Sustainable Investment Returns. It suggests that as Bank Artha Graha integrates environmental, social, and governance (ESG) criteria into its financial products and services, there is a subsequent increase in Sustainable Investment Returns, which in turn drives higher levels of savings among customers. This underscores the importance of sustainable finance principles in driving positive financial outcomes and highlights the role of Sustainable Investment Returns as a mediator between Sustainable Financial Practices and Savings Growth.

The indirect effect path from Environmental Awareness (EA) to Savings Growth (SG) through Sustainable Investment Returns (SIR), with a path coefficient of 0.312 and a p-value of 0.091, is considered not statistically significant. This result suggests that there is no significant indirect effect of Environmental Awareness on Savings Growth among Bank Artha Graha's customers through its influence on Sustainable Investment Returns. It implies that while environmental awareness may play a role in shaping investment decisions and potentially affecting Sustainable Investment Returns, this influence does not translate into significant changes in savings behavior. This finding highlights the complexity of the relationship between environmental awareness, sustainable investment returns, and savings growth, indicating that other factors may have a more substantial impact on the savings decisions of customers. Further exploration may be necessary to understand the nuanced dynamics involved in driving sustainable financial behaviors among customers.

CONCLUSION

The findings of this research shed light on the relationship between sustainable finance practices, environmental awareness, and financial outcomes among customers of Bank Artha Graha. The study reveals that Sustainable Financial Practices exert a significant direct influence on both Sustainable Investment Returns and Savings Growth, highlighting the importance of integrating environmental, social, and governance criteria into financial products and services for driving positive financial outcomes. Additionally, while Environmental Awareness demonstrates a marginal direct effect on Savings Growth, it does not significantly impact Sustainable Investment Returns. Furthermore, the indirect effect analysis indicates that Sustainable Financial Practices indirectly influence Savings Growth through their impact on Sustainable Investment Returns. These results underscore the pivotal role of sustainable finance principles in promoting both financial growth and environmental responsibility within the banking sector, providing valuable insights for policymakers, financial institutions, and customers alike.

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