

## Analysis of the Role of Islamic Banks in Promoting Green Finance in West Sumatra (Realization of SDGs 8 Point 10)

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Received: 4 Januari 2026  
Revised: 14 Januari 2026  
Accepted: 30 Januari 2026

### Abstract

*This study addresses air and environmental pollution, two significant economic issues for the long-term viability of businesses. Policymakers must prioritize green vision in economic growth now. In line with the tenets of maqasid sharia, sharia banking plays a significant role in fostering the development of green finance, which may motivate businesses to give environmental management greater attention. The purpose of this study is to provide a valuable addition to the body of knowledge on green finance and sustainable sharia banking, particularly in the context of Islamic banking. In order to fully understand sharia banking practices that prioritize sustainability and their effects on green financing, this study employs a qualitative and descriptive methodology. Three sharia banks that regularly publish reports—BSI, Bank Bukopin Syariah, and Bank Muamalat Indonesia—were the subjects of the study, which used library research as a methodology in the years 2021–2023. The findings of the study demonstrate the three sharia banks in West Sumatra's dedication to promoting sustainability via eco-friendly lending and involvement in several environmental projects. However, when using green financing, a number of institutions, such as Bank Muamalat and Bank Bukopin Syariah, see variations in their financial performance.*

**Keywords:** Sharia Banking, Green Finance, SDGs

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**How to Cite:** Amelia, P., & Dewi, Y. A. (2026). Analysis of the Role of Islamic Banks in Promoting Green Finance in West Sumatra (Realization of SDGs 8 Point 10). *International Journal of Education, Information Technology, and Others*, 9(1), 174-185. Retrieved from <https://jurnal.peneliti.net/index.php/IJEIT/article/view/13812>

## INTRODUCTION

The impact of reduced green open spaces includes environmental disasters and global warming. Today, people are talking a lot about environmental issues. As we know, the ozone layer is getting thinner. There is serious concern that the ozone layer will disappear completely from the universe if this depletion continues. Life on earth could suffer a number of adverse effects if the ozone layer disappears. Without concrete steps to change the current environmental conditions and create a healthy atmosphere, all these negative impacts will worsen. In response to this case, the Indonesian government issued OJK Regulation No. 51 of 2017 concerning the Implementation of Sustainable Finance for Public Companies, Issuers, and Financial Services Institutions. The main objective of this law is to outline the use of green finance in the country. Thus, this law serves as an operational guideline that establishes the procedures and systems necessary to implement sustainable finance practices. Furthermore, this law aims to encourage the development of the financial services sector that supports sustainable development rather than focusing solely on financial issues. Thus,

these regulations further reinforce the commitment to building an ethical, beneficial financial industry based on the principles of sustainability (Financial Services Authority, 2017). In the global financial system, the idea of “green finance” is already quite popular, but in Indonesia it is still relatively unknown.

Among these laws and regulations is Law No. 32 of 2009 on Environmental Protection and Management, which Indonesia enacted to encourage green financing initiatives. Articles 42 and 43 are two key articles in this law. In order to maintain the sustainability of environmental functions, Article 42 emphasizes the role of the central and regional governments in creating and implementing elements of environmental economics. According to Article 42 paragraph 2, these economic instruments include: a) growth strategies and economic activities; b) environmental funding; and c) intensification and/or disintensification (Syarifuddin & Sakti, 2021).

The “Go Green” campaign by the Islamic banking industry demonstrates their concern for the environment. Green banking practices include a number of activities, such as online banking, the use of green credit cards, the issuance of green loans, reducing the use of machines that emit carbon dioxide, funding environmentally friendly projects, and prohibiting projects with high carbon emissions. To encourage the industry to implement environmental management, banks must take the initiative to promote the development of green financing. Green finance is a method of lending money that takes into account the welfare of society and the environment. The solution is to choose projects or companies that do not harm the environment. Indonesian banks need to start using this approach. This is because, compared to other Asian countries, Indonesia is among the countries with very high financing growth rates. Environmental sustainability must be the basis of bank business operations, given Indonesia's relatively high financing growth. Better financial management can result from the use of green financing in banking. This may have very beneficial effects on the environment and the financial management industry.

Berto (2020) provides interesting results on the impact of implementing green finance on PT. Air Asia's business. PT. Air Asia's decision to adopt sustainable financing, or green financing, had a positive impact on the company's financial performance, particularly in terms of revenue, according to the research findings, which also showed an increase in revenue (profit) after the implementation of green financing.

The implementation of green finance does not have a positive effect on company profits, according to an interesting study on green financing in Indonesian commercial banks by Hasanah & Hariyono (2022). This is reinforced by another study that discusses green financing in the context of Islamic banking but does not discuss it in detail.

Astiowati Sri Indah (2018) The researcher believes that based on the results of the study, PT. Bank Rakyat Indonesia Syariah Malang Branch is able to convert the potential of Green Finance financing into improved performance and achievements. Thus, PT. Bank Rakyat Indonesia Syariah Malang Branch continues to grow and expand the role of Green Finance financing in various activities in line with its capabilities, as well as expanding its role and utilizing various existing opportunities, which is the right policy direction to take.

According to Akhter 2021, the majority of banks perform below average in terms of green banking implementation. Based on these findings, international banks outperform government banks. In addition, this study identifies the reasons behind this poor performance and offers suggestions for improvement. This contributes to the realization of an environmentally friendly financial system.

Research on the focus of Islamic banking on sustainability is currently scarce (Hassan & Aliyu, 2018). This is reinforced by previous studies that examined green financing in a number of industries, but few have examined it in depth in the context of Islamic banking.

**Objectives** The objectives of this study are to significantly advance our understanding of sustainable Islamic banking and green finance in the context of Islamic banking. The objectives of this study are to provide comprehensive information on Islamic banking procedures that prioritize sustainability and their impact on green finance using qualitative and descriptive methodologies. In addition, answer the research question, “How can Islamic banks help promote green financing in West Sumatra?” To answer this question, this study further examines the sustainability reports of three Islamic financial institutions—BSI, Bank Bukopin Syariah, and Bank Muamalat—that have been most active in implementing the idea of green financing during the 2021–2023 period.

## **LITERATURE REVIEW**

### **Green finance**

Berto (2020) provides interesting results on the impact of green finance implementation on PT. Air Asia's business. PT. Air Asia's decision to adopt sustainable financing or green financing had a positive impact on the company's financial performance, especially in terms of revenue, based on research results that also showed an increase in revenue (profit) after implementing green financing.

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Astiowati Sri Indah (2018) Based on the results of the research conducted, the researcher believes that PT. Bank Rakyat Indonesia Syariah Malang Branch has the ability to translate its Green Finance financing promise into better achievements and performance. Therefore, enhancing and expanding the role of Green Finance financing at PT. Bank Rakyat Indonesia Syariah Malang Branch in various activities in line with its capabilities, as well as expanding its role and utilizing various existing opportunities, is an appropriate policy step to take.

According to Akhter 2021, the majority of banks perform below average in terms of green banking implementation. Based on these findings, international banks outperform state-owned banks. Furthermore, this study identifies the reasons behind this poor performance and offers suggestions for improvement. This contributes to the realization of an environmentally friendly financial system. Research on the focus of Islamic banking on sustainability is currently scarce (Hassan & Aliyu, 2018). This is reinforced by previous studies that have

examined green financing in a number of industries, but few have examined it in depth in the context of Islamic banking.

The purpose of this study is to make a significant contribution to existing knowledge about green finance and, in the context of Islamic banking, sustainable Islamic banking. The objective of this study is to provide comprehensive information on Islamic banking practices that prioritize sustainability and their impact on green finance using qualitative and descriptive methodologies. In addition, it answers the research question, “How can Islamic banks help promote green financing in West Sumatra?” To answer this question, this study further examines the sustainability reports of three Islamic financial institutions—BSI, Bank Bukopin Syariah, and Bank Muamalat—that have been most active in implementing green financing ideas during the 2021–2023 period.

### **Green Finance Financing Instruments**

Financial products created specifically to support initiatives that promote sustainability and the environment are known as “green financial instruments.” The following are some examples of green financing tools: Green bonds are issued to finance initiatives that improve the environment, such as waste management, energy efficiency, renewable energy projects, and sustainable transportation. Sustainable projects are the sole recipients of the proceeds from green bond issuance.

Financial institutions provide green loans to borrowers to support initiatives that promote environmental sustainability. Green loans provide funding for energy efficiency, water management, and renewable energy projects.

**Sustainability-Linked Loans:** Loans with interest rates and terms linked to the borrower's sustainability performance or the achievement of specific environmental goals are known as sustainability-linked loans. Borrowers may be eligible for interest rate reductions or other financial incentives if they successfully achieve these goals.

Mortgage loans for the acquisition or renovation of environmentally friendly homes are known as “green mortgages.” To promote the acquisition of sustainable homes, these loans may offer reduced interest rates or other benefits. Investing in green technology and sustainable companies is another application for venture capital and private equity. Businesses that concentrate on creating environmentally friendly solutions, such as sustainable agriculture, energy efficiency technologies, and renewable energy, receive funding from investors.

**Microfinance for Green Initiatives:** Organizations In addition, microfinance can provide small loans to individuals or groups who want to start or expand environmentally friendly businesses, such as waste management, organic farming, or small-scale renewable energy generation.

### **Green Banking**

A worldwide movement to rethink conventional banking and create new sustainable business models is known as “green banking” (Jeucken, 2010). Chaurasia (2014) encourages the growth of several environmentally conscious companies, such as green buildings, energy efficiency, and renewable energy. In addition to implementing electronic banking features, which include online payments, transfers, and mobile banking inquiries, they also provide credit with

standard environmental criteria (Singh, 2015). Furthermore, Bank Indonesia has issued Bank Indonesia Regulation (PBI) No. 14/15/PBI/2012 regulating the assessment of commercial bank asset quality. Bank Indonesia Circular Letter (SEBI) Number 15/28/DPNP applies to all commercial banks conducting business activities, which regulates the implementation of Bank Indonesia Regulations. The regulation governing the evaluation of commercial bank asset quality stipulates that banks must consider the types of business strategies and efforts that are specifically documented in the context of lending Environmental Impact Analysis (EIA), which is reinforced by Minister of Environment Regulation No. 05 of 2012, which mandates that Environmental Impact Analysis (EIA) be included in certain business strategies or activities (Firdiansyah, 2020).

### **Green Financing in the Islamic Perspective**

In terms of creating Islamic financial products for the market, Sharia is the primary and most important source of law. The main factor in the adoption of green financial solutions is Sharia approval. There are two main types of Sharia sources in this regard. Primary sources come first. Secondary sources come second. In *ijtihad*, Sharia council members must consult these sources. For every product in the Islamic finance sector, they have the authority to issue fatwas or Islamic provisions (Syarifuddin & Sakti, 2021). According to Islamic economic ideas, banking must be one of the parties that supports the three pillars of environmental sustainability, economic development, and social welfare. In accordance with the concept of Islamic Sharia *maqoshid*, this seeks to promote the sustainability of the cosmos and its contents. Protecting life (*hifdz al-nafs*), protecting religion (*hifdz al-din*), protecting reason (*hifdz al-aql*), protecting wealth (*hifdz al-maal*), and protecting offspring (*hifdz al-nasl*) are the five aspects of *maqoshid syariah* or *sharia objectives* in Islamic economics. The Islamic economy seeks to build sustainable and equitable social welfare by taking these factors into account. According to Islamic philosophy, the environment is something that is whole and holistic. In Surah Al-Baqarah verse 164 of the Qur'an, Allah explains this point of view. For Muslims, the Qur'an and Sunnah provide comprehensive guidance on how to establish sustainable development. These values include social justice, resource management, and environmental responsibility. These principles are universal and apply to all nations, not just those who practice Islam. In addition to the principles of justice and social responsibility, they emphasize the need to achieve a balance between the demands of society and environmental preservation in all development initiatives.

### **Sustainable Development Goals (SDGs)**

“SDGs” refers to “sustainable development goals,” which means in Indonesian. “Goals” refers to objectives, targets, or demands intended, according to the Big Indonesian Dictionary. On the other hand, “development” refers to actions, processes, or techniques of development. In addition, “sustainable” indicates continuity and sustainability. Therefore, Sustainable Development Goals, or SDGs, can be seen as something that requires constant and continuous activity to achieve. (Fardan 2015) Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The World Commission on Environment and

Development (WCED) first used this phrase in its 1987 report, *Our Common Future*. Since its inception, the term “sustainable development” has undergone several meanings and evolved into a flexible concept. However, there are several key points that are highlighted. First, a dedication to justice and equity, where choices must include the rights of future generations and the world's poorest people must be prioritized. Second, as a long-term perspective that emphasizes the principle of prudence, namely in situations where there are major risks or unavoidable events. Uncertainty in understanding should not be used as an excuse to delay economically feasible actions to stop environmental damage. Third, sustainable development combines, understands, and responds to the complex relationship between society, the economy, and the environment. The three main pillars of sustainable development are social justice, economic growth, and the environment. A global development strategy known as the Sustainable Development Goals (SDGs) seeks to eradicate poverty, improve well-being, and preserve the environment. Meeting the 17 goals listed by 2030 will help achieve this. The Sustainable Development Goals (SDGs) are a type of development that seeks to preserve social and environmental life while improving the economic well-being of communities in a sustainable manner. Furthermore, achieving justice and governance that can support quality improvement for future generations is another goal of the SDGs.

Preparation To achieve the Sustainable Development Goals, three planning documents are required: the SDG Roadmap, the National Action Plan (RAN) for SDGs, and the Provincial Action Plan (RAD) for SDGs. All parties involved in the process of developing the SDG Action Plan, both at the national and regional levels, can refer to the guidelines set by the Minister of National Development Planning/Head of the National Development Planning Agency. Within a certain period of time, these guidelines aim to create a measurable and explicit SDG Action Plan.

The National SDG Roadmap is a planning document that outlines the strategic policies that must be implemented to achieve the SDG goals between 2017 and 2030. These policies must be in line with national development targets and the global SDG 2030 goals.

To achieve the SDGs, ministries, agencies, and stakeholders must implement the programs and activities outlined in the National Action Plan for SDGs or RAN SDGs. Both the national SDGs targets and the national medium-term development plan are cited in the preparation of this paper.

To achieve the Sustainable Development Goals (SDGs), provincial and district/city governments have established programs and initiatives listed in the RAD SDGs document. This paper refers to national SDG targets and is based on the current regional medium-term development plan. In implementing SDG programs and activities at the regional level, the RAD SDGs serve as a roadmap that takes into account local potential and conditions.

**Sustainable Development Goals have a number of objectives, as follows:**

1. No Poverty: End all forms of poverty worldwide.
2. Zero Hunger: Improve nutrition, achieve food security, and end hunger.
3. Good Health and Well-Being: Ensure that everyone, regardless of age, lives a healthy life and improves their well-being.

4. Quality Education: Ensure that everyone has access to high-quality and inclusive education and encourage opportunities for lifelong learning.
5. Gender Equality: Empower all women and girls by achieving gender equality.
6. Clean Water and Sanitation: Ensure that everyone can manage clean water and sanitation sustainably.
7. Affordable and Clean Energy: Ensure that everyone has access to modern, affordable, reliable, and sustainable energy.
8. Economic Development and Decent Work: Promote equitable and sustainable economic growth and decent work for all.
9. Industry, Innovation, and Infrastructure: Promote sustainable and equitable industrialization, foster innovation, and build resilient infrastructure.
10. Reduce Inequality: Reduce inequality within and among countries.
10. Sustainable Cities and Communities: Build safe, resilient, inclusive, and sustainable settlements and cities.
11. Responsible Consumption and Production: Ensure that production and consumption patterns are sustainable.
12. Address Climate Change: Take immediate action to reduce its impact.
13. Oceans: Conserve and sustainably use the oceans, seas, and marine resources.
14. Land: Promote sustainable use, conservation, and restoration of terrestrial ecosystems.
15. Justice, Peace, and Strong Institutions: Promote inclusive and peaceful societies, provide access to justice for all, and create inclusive, accountable, and successful institutions at all levels.
16. Partnerships for the Goals: Strengthen implementation means and revitalize global partnerships for sustainable development.

With a total of 169 targets covering various aspects of each goal, each SDG includes a set of specific and measurable targets. Among these targets are measurable goals that must be met by 2030.

### **Sustainable Development Goals Indicators**

Environmentally conscious business activities (KUBL) include: Renewable energy, Energy efficiency, Pollution prevention and control, Management of natural biological resources and sustainable land use, Conservation of soil and water biodiversity, Environmentally conscious transportation, Sustainable water and waste management, Products that reduce resource use and generate less pollution (eco-efficient), Climate change adaptation, Environmentally friendly buildings that meet national, regional, or international standards.

### **Sustainable Development Goals (SDGs) 8 (Decent Work and Economic Growth)**

Particularly in relation to decent work and economic development, SDG 8 is one of the 17 Sustainable Development Goals. Promoting fair and sustainable economic development, comprehensive and productive employment opportunities, and decent work for all are part of this goal.

Economic development outcomes that affect everyone and have the potential to reduce structural inequalities are indicative of inclusive economic growth. Conversely, economic development that integrates economic, social, and

environmental aspects is known as sustainable economic growth. Being sustainable also implies that it can be sustained over time without compromising the well-being of future generations to achieve immediate goals.

The foundation of any economic development plan is considered to be decent work. The four strategic pillars of decent work are social protection, full and productive employment, rights at work, and social dialogue.

Sustainable Development Goal 8 aims to achieve the following objectives by 2030: maintain per capita economic growth in line with national conditions; increase economic productivity through innovation, diversification, and technological improvement; encourage policies that promote the establishment of formal businesses and the expansion of micro, small, and medium enterprises; improve the efficiency of global resource consumption and production; create productive and decent jobs. (Vivi 2023).

## RESEARCH METHOD

This study uses descriptive and qualitative methodologies. The purpose of qualitative research is to clearly explain events and characterize, describe, and reveal the significance of the phenomena that occur. An in-depth explanation of the phenomena being studied is the main objective of this descriptive technique (Suwendra, 2018). The purpose of this study is to describe and clarify how three Islamic banks promote green financing in West Sumatra. This study uses a literature review research procedure to collect data, namely searching for materials from various reliable and relevant sources, including books, papers, documents, images, and photos (Rukajat, 2018). The secondary data used came from the 2021–2023 sustainability reports of three Islamic banks: BSI, Bank Bukopin Syariah, and Bank Muamalat Indonesia. The three banks in West Sumatra regularly released sustainability reports at that time, which is why this data was selected.

## RESEARCH RESULTS AND DISCUSSION

A number of Islamic banks in Indonesia, including BSI, Bank Muamalat, and Bank Bukopin Syariah, have adopted green finance, also known as environmentally friendly financing. These three banks have a mission to encourage sustainable and environmentally friendly companies to contribute to environmental protection.

### 1. Bank Syariah Indonesia

Table 1 Categories of Sustainable Business Activities BSI 2021 -2023 (billion)

No	Sector	Year		
		2021	2022	2023
1.	Renewable Energy	905.704	1.135,35	1.072,23
2.	Energy Efficiency	-	-	-
3.	Pollution Prevention and Control	-	-	-
4.	Management of Natural Resources and Sustainable Land	1.193.012	3.095.21	4.805,87

	Use			
5.	Conservation of Terrestrial and Aquatic Biodiversity	-	-	-
6.	Environmentally Friendly Transportation	19.500	34,65	47,26
7.	Sustainable Water and Waste Management	100.884	114,63	94,06
8.	Products That Reduce Resource Use and Generate Little Pollution (Eco-Efficient)	3.744.124	4.497,89	5.806,99
9.	Climate Change Adaptation	-		
10.	Environmentally Friendly Buildings That Meet Nationally, Regionally, or Internationally Recognized Standards	225.172	190,12	163,19
11.	Other Environmentally Friendly Business Activities or Activities	508.341	258,79	245,09
12.	MSMEs	39.461.229	41,823,61	45.468,99
	<b>Total Sustainable Business Financing</b>	<b>46.157.97</b>	<b>51.150,26</b>	<b>57.703,68</b>
	<b>Total Overall Financing (Trillion)</b>	<b>171.291.16</b>	<b>207,704,86</b>	<b>240,32</b>

Financial information for several industries that support sustainable companies from 2021 to 2023 is shown in the table above. These industries include small and medium-sized enterprises (SMEs), energy efficiency, natural resource management, renewable energy, and environmentally friendly transportation. It appears that the goal of these investments is to accelerate the transition to a sustainable economy.

**Sustainable energy.** Funding for the renewable energy industry has increased, albeit at varying rates. Funding increased from 905.704 billion in 2021 to 1,135.535 billion in 2022, a 25% increase, and decreased by 5.5% to 1,072.23 billion in 2023. Although it declined slightly over the past year, this demonstrates a continued dedication to advancing environmentally friendly energy.

**Energy Efficiency.** Data on energy efficiency financing has been lacking for three consecutive years. This indicates that funding for this initiative has not been a top priority for Indonesian Islamic banks; instead, it may have been directed to other areas, such as renewable energy.

**Biological Resource Management.** Funding for this industry has increased significantly. Funding increased by 55% to reach 4,805.87 billion in 2023 after more than tripling to 3,095.21 billion in 2022 from 1,193.012 billion in 2021. This shows a high level of attention to land sustainability and natural resource management.

**Environmentally Friendly Transportation.** Environmentally friendly transportation received IDR 19,500 billion in 2021, IDR 34.65 billion in 2022, and IDR 47.26 billion in 2023, which is a small amount of money compared to other industries. There has been a slight increase, but this is an indication of the push to reduce emissions from the transportation sector.

Environmentally friendly goods. Higher product financing for products with low pollution and resource efficiency. This industry earned IDR 3,744,124 billion in 2021, increasing by 20.13% in 2022 (IDR 4,497.89 billion), and increasing by 29.10% in 2023 (IDR 5,806.99 billion). This shows that BSI pays great attention to sustainable product innovation.

MSMEs. Throughout 2021–2023, MSMEs continued to receive the largest amount of funding. These were environmentally friendly MSMEs funded by Indonesian Islamic banks. Financing increased by 5.9% to IDR 41,823.61 billion in 2022 and by 8.7% to IDR 45,468.09 billion in 2023, after reaching IDR 39,461,229 billion in 2021. This shows how important MSMEs are to a healthy economy. In 2021, the sustainable business category (KKUB) contributed 26.95%, 24.70%, and 24.07% of Indonesia's total Islamic banking funding, respectively. In order to achieve SDG 8 point 10, BSI supports environmentally friendly goods, policies, projects, and sustainable development activities through this green financing. Bank Syariah Indonesia (BSI) demonstrates a significant commitment to the growth of sustainable industries, particularly MSMEs, environmentally friendly goods, and natural resource management. However, as it is not yet a top priority, BSI has not yet developed a number of sustainable business sectors. Although financing in general is moving in the right direction to help the transition to a sustainable and environmentally friendly economy, other areas, such as energy efficiency, seem to have received less attention. Bank Syariah Indonesia has made efforts to practice green financing. Compared to the previous year, Indonesian Islamic banking financing has grown significantly in 2023. This shows that Bank Syariah Indonesia's implementation of environmentally friendly sector financing demonstrates its commitment to adopting sustainable finance principles (SDGs). This may indicate that BSI will continue to expand green financing and help achieve the SDGs.

## 2. KB Bukopin Syariah Bank

Table 2 Comparison of Portfolio Targets for KB Bukopin Syariah Bank's Sustainable Financial Instruments 2021-2023 (billion)

Description	2021		2022		2023	
	Realization	Target	Realization	Target	Realization	Target
Assets	6.220	5.538	7.013	6.973	7.920	7.932
Financing	4.272	4.532	5.168	5.323	5.633	5.741
Third Party Funds	4.595	3.000	5.589	5.417	6.006	6.199
Profit and Loss	(232.28)	2.08	(68,63)	195	(527,07)	(488,75)

Based on the graph above, KB Bukopin Syariah Bank, as a sharia financial institution, plays an important role in encouraging the transition to a green economy by adhering to Islamic financial principles that prioritize sustainability, social justice, and transparency. The bank has the opportunity to invest more in

green industries as a result of an increase in financing from IDR 4.27 trillion in 2021 to IDR 5.63 trillion in 2023.

Green money that adheres to sharia principles, such as green sukuk or funding for renewable energy projects, is one way Bank KB Bukopin Syariah can support green finance. For example, financing for ecologically beneficial infrastructure development can be carried out using murabahah or ijarah contracts. Third-party funds increased from IDR 4.59 trillion in 2021 to IDR 6 trillion in 2023, giving the bank greater liquidity to allocate to sustainable industries.

Despite a positive increase in asset targets and realization, declining profits indicate that the profitability plan is experiencing problems. The fact that long-term investments in sustainable initiatives have not yet generated higher short-term profits may be one explanation. However, with investors and the general public becoming increasingly aware of green investments, green financing can be a profitable long-term strategy if handled properly.

Through a number of laws and incentives, including the Financial Services Authority (OJK) green taxonomy and the issuance of national green sukuk, the Indonesian government has also promoted green finance. By diversifying its loan portfolio to include government-subsidized green industries, Bank KB Bukopin Syariah can take advantage of this opportunity. In doing so, the bank can increase its competitiveness in the Islamic banking sector while helping to mitigate environmental hazards. The bank can also collaborate with international organizations specializing in green finance, including the Green Climate Fund (GCF) or the Islamic Development Bank (IsDB). Through these partnerships, the bank will be able to obtain more financing assistance and implement best practices in sustainable finance management. In conclusion, despite recent profitability challenges, Bank KB Bukopin Syariah has significant potential to expand its position in green finance given its growing assets and funding. With the right tactics, including increasing green investments, educating customers, and collaborating with international organizations, the bank can lead the way in Islamic banking that promotes sustainable development in Indonesia.

### 3. Bank Muamalat

Table 4.3 Comparison of Portfolio Targets for Bank Muamalat Indonesia's Sustainable Financial Instruments 2021-2023 (billion)

Description	Year		
	2021	2022	2023
Assets	58,899	61.364	66,95
Financing	18,040	18.822	22.465
Revenue	2.140	1.764	2.153

The condition of Bank Muamalat Indonesia's sustainable finance funding varies. From IDR 58.899 trillion in 2021 to IDR 61.364 trillion in 2022 and IDR 66.95 trillion in 2023, total assets continue to increase. In 2021, total assets reached IDR 18.040 trillion, in 2022 they amounted to IDR 18.822 trillion, and in 2023 they increased again to IDR 22.465 trillion. Meanwhile, Bank Muamalat Indonesia's total revenue in 2021 was around Rp2.14 trillion, falling to Rp1.76 trillion in 2022, and increasing again to Rp2.15 trillion in 2023.

## CONCLUSION

Bank Syariah Indonesia is responsible for the successful merger of BNI Syariah, BRI Syariah, and Bank Mandiri Syariah. In 2023, sustainable finance reached IDR 240.3 trillion, or 24.07% of total financing, with MSMEs and green finance designated as key initiatives. A comprehensive analysis shows the dedication of Indonesia's Islamic banking industry to promoting sustainability through environmentally friendly loans and engagement. While some banks saw significant increases in sustainable lending, others saw variations in their financial performance. Despite growth and comprehensive profits in 2022, Bank Bukopin Syariah has contributed by improving asset performance, mudharabah financing, and musyarakah financing. Bank Muamalat's task is to strive to ensure a steady increase in total assets. However, the amount of revenue varies, decreasing between 2022 before increasing again in 2023.

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