

Chapter 16

Overcoming Challenges in Green Banking for Sustainable Development in Africa

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Abstract

There is a burgeoning interest in the interaction between green banking and sustainable development from scholars, practitioners, and researchers as well as policymakers. This has been motivated by the need to address the Agenda 2030 and African Agenda 2063 in recent years. Green banking captures the process whereby banking institutions adopt environmentally friendly business practices and finance green projects. More importantly, banking institutions are no exception when it comes to this new wave of greening financial systems. Despite the importance of green banking, scant attention has been given to the link between green banking and sustainable development, especially from the continent of Africa. Accordingly, this chapter focuses on the connection between green banking and sustainable development in Africa. This study established the challenges in green banking toward sustainable development in Africa, namely, underdeveloped green finance markets, corruption, limited expertise in ESG reporting, inconsistent regulatory frameworks, lack of clear green banking taxonomies, and low level of green funding awareness campaigns. Despite the existence of challenges associated with the journey toward green banking, it is concluded that green banking plays a catalyst role in promoting sustainable development in Africa. Green banking is crucial in the eyes of bankers, researchers, scholars, and policymakers as it fosters sustainable development in Africa.