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GREEN FINANCIAL PRODUCTS OF COMMERCIAL BANKS IN ESTONIA

Bachelor thesis

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I have written this Bachelor Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Introduction

In recent years, due to increasing concern and awareness for environmental issues, green finance has become a major new tool for addressing the world's one of the most critical challenges such as climate change. Finding a harmonious resonance between ecology and economy represents a complex issue for which it is essential to direct funds toward environmental solutions. Green finance, which refers to the integration of environmental factors into financial decision-making, has emerged as an innovative concept of finance, aiming to promote sustainability and environmentally friendly practices in financial activities (Bhatnagar & Sharma, 2022).

On 12 December 2015, 196 countries adopted The Paris Agreement at the UN Climate Change Conference held in Paris, France aiming to unite all nations to fight against climate change (UNFCCC, n.d.). Another major event that took place in 2015 was the adoption of The Sustainable Development Goals (SDGs) by the United Nations. SDGs represent the universal plan consisting of 17 goals in order to end poverty, integrate social, economic, and environmental aspects in development, and ensure well-being for everyone by 2030. (UNDP, n.d.) These events have highlighted the importance of promoting sustainability and the role of finance in achieving social and environmental objectives.

The financial sector's ongoing transformation has been reflected in the terminology used. While the terms “sustainable finance” and “green finance” are often used interchangeably or in conjunction within the financial literature (Akomea-Frimpong et al., 2021; Meo & Karim, 2022; Thompson, 2023), a subtle distinction exists. According to UNEP (2016), sustainable finance is a broader concept integrating social, environmental, governance, and economic aspects, while green finance focuses solely on environmental considerations. In contrast, green finance, as employed within this thesis is defined as a concept integrating environmental aspects with economic profits (Wang & Zhia, 2016; Cai & Guo, 2021). This approach acknowledges the importance of incorporating environmental considerations in financial decision-making while recognizing the necessity of the economic viability of financial activities.

Since banking is believed to be one of the broadest fields of finance playing a huge role in shaping the overall financial systems, a narrower concept of “Green banking” (GB) is interesting to analyze in order to illustrate the role of financial institutions, and in particular, commercial banks in transition to a circular, greener economy. Green banking is defined as a

type of banking that incorporates environmental considerations into banking activities (Miah et al., 2023; Bouteraa et al., 2020).

Financial institutions can play a pivotal role in achieving sustainable development goals and supporting the transition to a green economy (Chen et al., 2022). By offering green banking products such as green loans and green accounts, banks can provide a solution to existing challenges and align financial interests with ecological aspects (Catherin & Melvin, 2022). Thus, by providing green loans and financing sustainable projects, banks not only get financial profit as in the case of conventional processes but also participate in solving environmental issues. This showcases the importance of green banks in providing more environmentally friendly solutions.

Even though the field of green banking can be considered to be relatively new, there have been a number of studies conducted to research different aspects of green banking including green finance in Europe (Afzal et al., 2022; Brühl, V. 2021) and green banking products of different European countries (Mattsson, 2021; Aasen et al., 2020; Nilsson & Schwerin, 2019; Laskovska, 2018; Boros & Huszár, 2021). When it comes to studies on the Estonian banking sector, Lilleväli (2019 & 2020) studied sustainability in the Estonian banking sector and the contribution of Estonian pension funds in tackling climate change, while Orobetc (2022) focused on the digitalization and corporate social responsibility (CSR) performance of Estonian banks. However, no study has been conducted researching the green financial products offered by commercial banks in Estonia. Therefore, this study aims to fill the gap and research the abovementioned offer of existing products on the Estonian market.

The aim of the thesis is to map green financial products offered by commercial banks operating in Estonia. Beyond identification, the research seeks to delve into conditions, peculiarities, and challenges associated with these products, aiming to provide insights into the diversity of the Estonian green banking market. Due to increasing concern and demand for environmental solutions, it is interesting to analyze how well banks have integrated environmental aspects into their product offerings. In departure from prior studies (Rakić & Mitic, 2012; Ringel & Mjekic, 2023), this research will adopt an inclusive approach without employing a special emphasis on retail or corporate products. This will help to illustrate a bigger picture and explore green financial instruments customers can find in Estonian commercial banks. To achieve the aim, the study will be conducted using a qualitative approach.

In order to achieve the research aim, the author has formulated the following research tasks:

- to discuss the role of banking institutions in promoting green finance;
- to compare conventional and green banking products;
- to provide an overview of previous studies on the topic of green banking products;
- to collect data from banks' annual and sustainability reports, website content, and interviews;
- to analyze the results of the reports and website content analysis;
- to analyze and discuss the results of interviews.

The thesis is structured into theoretical and empirical chapters, each with three subchapters. The theoretical part introduces green financial products from an international perspective, discussing the role of banking institutions in promoting green finance, comparing conventional and green banking products, and reviewing previous studies on green financial products offered by commercial banks. The empirical chapter focuses on green financial products offered by commercial banks in Estonia. It provides an overview of the research methodology and data, followed by the results of reports and website content analysis. Finally, the results of interviews and discussion are presented.

Keywords: Green banking, green banking products, green finance.

1. Green banking products – international experience

1.1. Role of banking institutions in promoting green finance

The question of why financial organizations should take into account environmental factors and contribute to the transition toward a greener economy by employing sustainable development practices has been answered by Schoenmaker and Schramade (2018). They consider allocating financial resources in its most productive and efficient way to be the main task of a financial system. Hence, finance can play a major role in funding sustainable projects and supporting the transition to a circular economy. (Schoenmaker & Schramade, 2018) In light of the growing emphasis on green solutions, investigating the potential for commercial banks in the realm of green finance is crucial.

The field of green banking transcends that of traditional banking, going beyond the objective of financial return maximization. The distinction separating the two domains is presented in Figure 1. As can be seen from the comparison, both types of banks serve as financial intermediaries collecting money from individuals and businesses that have a cash

surplus and allocating it to those who have a cash shortage. The main difference lies in their objectives: while traditional banking focuses primarily on financial return and profit maximization, green banking incorporates environmental considerations as well (Taher, 2021).

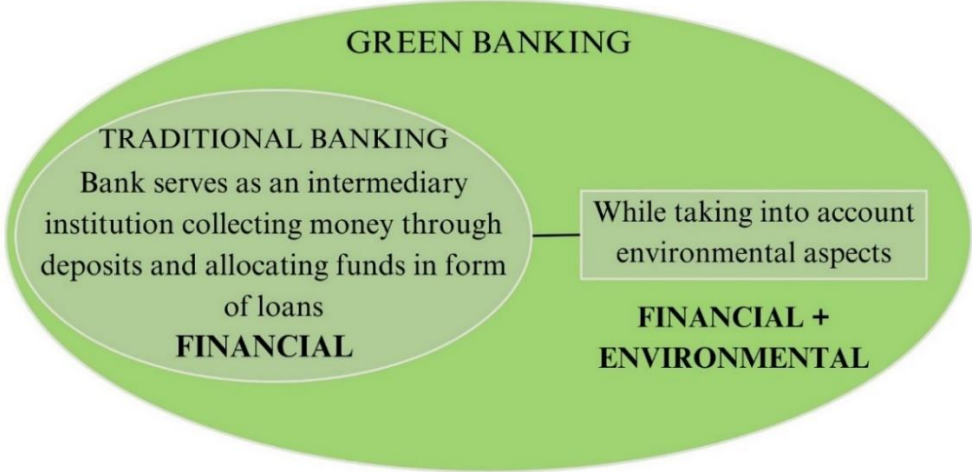


Figure 1. Role of banking under traditional and green frameworks

Source: Compiled by the author

Despite the fact that in general financial sector cannot be considered to be environmentally friendly, financial institutions can play a pivotal role in reducing their negative effects on environmental and social factors (Grijalvo & García-Wang, 2023). This implies that financial transactions do not only need to be analyzed within the economic bubble, but a broader, triple-bottom approach should be taken integrating social, ethical, and environmental aspects as well (Donthu & Gustafsson, 2020; Liu et al., 2020). Thus, while making lending and investment decisions, banking institutions should also consider its’ environmental effects to ensure their alignment with sustainability objectives and not allocate funds based solely on financial motives.

Generally, until recent decades, financial intermediaries including commercial banks have not shown any significant interest in promoting green and sustainable practices as compared to other industries such as oil and gas, they considered themselves to be more environmentally oriented. However, banks use key performance indicators that are not traditionally designed to integrate ESG factors into the financial products and services they offer and that focus solely on financial returns while neglecting environmental impact. Not surprisingly, a major change was seen since the financial crisis of 2008, which highlighted the importance of incorporating sustainability in the financial sector. The main reason for that was, of course, the fact that the crisis was partly caused by banks’ irresponsible lending and

investment behavior that didn't consider societal issues such as the heavy indebtedness of borrowers. Moreover, banks were criticized for investing in sectors linked to climate change. All these events once again stressed the importance of the financial sector in supporting sustainable development and the necessity to transform its' short-termism to a more environmentally responsible approach with an objective to incorporate environmental issues into the financial sector and by that, support green recovery. (Oyegunle & Weber, 2016)

The question of why ESG issues are particularly relevant for the banking sector has been answered by Zadek and Robins (2015) according to whom all banks in 39 selected countries monitored by the Financial Stability Board (FSB) are holders of the financial sector's largest share of assets. This points up the significance of banks in the sector and highlights the pivotal role financial institutions can play to support sustainable development.

According to Oyegunle and Weber (2016), there can be various reasons why banks engage in activities that aim to support the transition to a greener economy including internal pressure, external pressure, and peer pressure, just to name a few. In addition, it is also important to mention that due to the greater concern and importance of social and environmental issues, financial institutions have been confronted with the demand to actively participate in the process of reducing the negative impact on society and the environment (Grijalvo & Garcia, 2023).

When it comes to promoting green finance, substantial financial resources are required to achieve the SDGs and support the green transition. Public sector funding alone is insufficient to meet the financing needs, demonstrating the vital role of the private sector. (IFC, n.d.) Hence, the financial sector and more specifically, commercial banks serve as key facilitators in promoting green finance by fulfilling the financial gap (IFC, n.d.; Brühl, 2022; Barua, 2020; Nguyen et al., 2022). This is especially relevant for emerging markets where government budgets are limited (IFC, n.d.; Chen et al., 2022). Having presented the crucial role of commercial banks in supporting green recovery, it is interesting to discuss the possible ways financial institutions can contribute to sustainable development.

There are several aspects in which banking institutions can contribute to the transition to a green economy, including the provision of green financial products, integration of relevant risks in banking activities, and evaluation of projects according to both economic and environmental criteria (EBF, 2017). As commercial banks are decision-makers providing firms and individuals with funds for various projects and activities, they have the mandate to fund projects with green objectives and refrain from financing projects and activities that are

not aligned with sustainable development principles and are linked to environmental degradation or climate change.

According to Park and Kim (2020), offering green financial products represents an important solution adopted by commercial banks with an aim to support sustainable practices. As climate-related issues gained wider attention and the demand from the customer side increased, banks started launching green banking products that benefit the environment. By offering green products such as green home loans, green car loans, and green financing for projects, banks can satisfy the increasing demand for green solutions from customers and support green practices. In addition to introducing green products, banks can bridge the gap by offering special features such as affordable prices to customers. This will help individuals with limited access to conventional financing to contribute towards environmental solutions. The green banking portfolio of banks extends beyond lending, in addition to which, banks can encompass a diverse range of green products such as insurance, securitization, technical assistance, equity investment, and more. (Park & Kim, 2020) This highlights the particular relevance and importance of studying green financial products.

Transition to a circular economy is a long-term process that requires economic resources to be invested in so-called green sectors (IEA, 2012; McCollum et al., 2013; WEF, 2013). The role of banking institutions as major providers of financing investment is vital (Laguir et al., 2018; Salman and Hamid, 2018). Because investments are associated with high costs, firms are typically unable to self-finance their investments and rely on external financing, among which, bank lending can be considered to be the most important. One of the reasons for that is that bank loans are the most widely used external source of finance for firms. (Campiglio, 2016) This also highlights the importance of green, and ethical banks that take responsibility for collecting money through deposits and allocate them with an aim to achieve long-term positive impact (FEBEA, 2015).

In addition to funding environmentally oriented projects and launching green products, commercial banks have started integrating environmental risks into their strategies and risk management systems. This constitutes one of the strategies adopted by banks for fostering green finance. (Park & Kim, 2020) As a case in point, banks have increasingly started adopting risk management frameworks such as Ecuador Principles, which represents a credit risk management tool for evaluating and managing environmental and social risks of financial transactions of a project (Wörsdörfer, 2015). Thus, by assessing and integrating

environmental risks in banking operations banks are moving towards the attainment of sustainability-related goals.

In essence, commercial banks have a unique opportunity to foster green transition. Through employing various green strategies, banks can channel funds toward environmental solutions. One avenue through which financial intermediaries can facilitate green transformation is by introducing and offering green financial products. Furthermore, banks can offer financing to environmentally friendly projects and activities and incorporate environmental risks in banking activities. Figure 2 illustrates the role of commercial banks in promoting green finance and possible practices for supporting this facilitation.



Figure 2. Role of commercial banks in promoting green finance

Source: Compiled by the author

Having presented the role commercial banks play in green finance and their importance in the financial system, it can be concluded that these institutions represent key intermediaries in supporting green recovery. As noted by Stampe (2014, p.12-13), “ESG challenges have profound implications for businesses, the economy, and society at large, representing both risks and opportunities that must be addressed if long-term economic and social growth and stability are to be maintained. These have particular relevance to banks in relation to their role as financial intermediaries and as capital-raising agents. Banks are significant catalysts in promoting economic development.” This emphasizes the critical importance of banks as financial institutions in promoting green finance and adopting environmentally oriented practices.

1.2. Comparison of conventional and green banking products – a theoretical perspective

Banks are complex financial institutions facilitating economic activities by channeling funds between depositors and borrowers. As financial intermediaries, they offer various types

of products and services to individuals and businesses. To represent the relevance of green banking products and their role in green finance, it is beneficial to make a comparison between conventional and green financial products.

In order for a product to be classified as green (or sustainable) it needs to satisfy the criteria defined in the EU Taxonomy Regulation. This classification system serves as a framework aimed at channeling funds into sustainable practices and consists of six objectives addressing climate change mitigation, climate change adaptation, protection of water and maritime resources, transition to a circular economy, prevention of pollution, and protection of ecosystems and biodiversity. Economic activity, a product can be labeled as green if it substantially contributes to at least one of the objectives, while not causing significant harm to other objectives. Moreover, there exist technical screening criteria and minimum responsible management requirements to be met. (European Commission, 2017) Even though there exist several definitions classifying green and sustainable activities and products, the EU Taxonomy can be said to be the most precise, advanced, and commonly used (OECD, 2020). This regulation can serve as a tool for avoiding greenwashing, which represents a challenge associated with sustainable development (Brühl, 2022). Greenwashing can be defined as a marketing strategy used by companies and organizations in order to attract more customers and create a green and eco-friendly image. Many firms market products and activities as green while not all claims represent the reality. (Szabo & Webster, 2021)

When discussing green financial products, green bonds are believed to be central financial instruments in the field of green finance. Such bonds serve to finance green projects and initiatives, and by that play a significant role in sustainable development and environmental protection. (Li et al, 2024; Kedia & Joshipura, 2023; González-Ruiz et al, 2023) When it comes to differentiating them from conventional bonds, green bonds only differ from conventional bonds in the use of proceeds, which are invested to fund pro-environmental projects. Thus, a green bond can be defined as a conventional bond with its only unique characteristic being the guarantee of the use of proceeds to be invested in environmentally friendly projects. (Bachelet et al., 2019; Chauster, 2020) The analogous principle applies to other green financial products, including, green financial instruments offered by commercial banks.

As environmental issues have gained a greater concern during the past decades, banks started launching green banking products by mostly customizing their existing offers (Park &

Kim, 2020). Therefore, it is important to analyze what are conventional and green banking products offered by commercial banks and how they differ from each other.

To begin with, conventional and green banking products encompass a range of various services that can be offered by commercial banks and can differ across different banks and countries. However, some key products are presented in Table 1 below:

Table 1

Comparison of conventional and green banking products

Product	Conventional	Green
Checking account	Account represents deposits used for paying bills and cash withdrawals which pay little or no interest and are associated with fees.	The account represents deposits for paying bills and cash withdrawals specifically designed to minimize environmental footprint by allowing customers to check their account-related information via ATM and digitally.
Savings account	An account that pays interest to the depositor.	An account that uses funds for environmentally oriented purposes and encourages online transactions typically by offering higher interest rates compared to conventional savings accounts.
Money market account	Type of savings account that usually pays a higher interest rate than a regular savings account.	Type of savings account represents an online account for making free e-transactions and usually pays higher interest compared to a conventional money market account.
Certificate of deposit (CD)	Account that earns more interest than a regular savings account.	An account that uses invested money for environmentally friendly projects and typically earns a higher interest rate.
Loan	The cash lent out to individuals and businesses at an interest rate. Banks can offer different types of loans including consumer loans, car loans, mortgages, etc.	The cash lent out to individuals and businesses with lower interest rates to fund environmentally friendly projects and activities. For example, a green mortgage loan provided to customers willing to purchase energy-efficient houses, a green car loan provided to customers willing to purchase high fuel-efficient cars, etc.
Credit card	The card represents a type of financing providing holders with the right to draw money at any time.	Biodegradable credit card providing holders with the right to draw money at any time. An additional feature can be a percentage of the transaction amount to be donated for environmental purposes.
Debit card	The card uses money from a checking account to pay for everyday expenses.	A recyclable debit card that uses money from a checking account to pay for everyday expenses. An additional feature can be a percentage of the transaction amount to be donated for environmental purposes.

Source: compiled by the author based on Barone (2023); Kagan (2023); Catherin & Melvin (2022); Sunitha (2020)

In addition to the products presented above, due to their contribution to sustainability efforts, online banking and mobile banking are also considered green products. These products allow customers to perform banking activities remotely without visiting a bank, which reduces paper waste, carbon emissions, and other expenses. (Catherin & Melvin, 2022; Akter et al., 2012)

The outlined product definitions can serve as a framework for differentiating green banking products from conventional banking products. A conventional financial product can be labeled as “green” in case the product is used for funding pro-environmental investments, projects, and activities (Li et al, 2021). Examples of green product applications can be a loan issued to finance green projects, a purchase of eco-friendly cars, or a “green” apartment. Thus, in contrast to conventional loans that can be used for different purposes, green loans are restricted to financing environmentally beneficial endeavors.

To safeguard the integrity of green finance, there exists a well-defined set of criteria for allocating green credit. In the context of green loans, the Loan Market Association (2018) has developed Green Loan principles consisting of four main components: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. These principles aim to ensure fair and transparent allocation of funds for environmentally beneficial projects with a clearly defined purpose and clear understanding of green loan characteristics for all market participants (Loan Market Association, 2018). Therefore, it becomes evident that securing a green loan is associated with more stringent and complex criteria incorporating additional layers beyond traditional financial assessments.

Another factor that distinguishes green loans from their conventional counterparts is interest rate: green loans frequently incorporate preferential interest rates when compared to conventional loans (Barone, 2023; Kagan, 2023). This approach serves as a financial incentive encouraging borrowers to promote environmentally friendly practices.

When it comes to deposits, as illustrated by Table 1, financial planning for savers includes selection between a (conventional) savings account, a money market account, or a certificate of deposit, depending on their financial goals. However, for environmentally conscious savers seeking to align their financial motives with sustainable practices green deposits represent the most compelling alternative (Saranya & Nittymol, 2024). By offering green deposits, banks encourage online transactions by introducing high interest rates on deposits, money market accounts, and savings accounts (Sunitha, 2020). Thus, it becomes

more beneficial for a customer to make use of green accounts when needed to finance green projects.

To sum up, it can be concluded that the fundamental distinction between green and conventional financial products lies in their alignment with environmental objectives: while green financial products emphasize environmental considerations alongside financial benefits, conventional financial products focus solely on economic return maximization. As demonstrated, in contrast to conventional products, green instruments often employ financial incentives aiming to encourage customers towards environmentally-oriented practices. The adoption of green financial products by commercial banks reflects a more comprehensive approach integrating environmental and sustainable practices in their operations alongside financial motives.

1.3. Previous studies on green banking products

In order to give an overview of previous studies on green banking products, the author has mainly used the Google Scholar database which yielded 44 results for the keywords “green banking products” in titles. This subchapter aims to comprehensively analyze previous studies conducted on green banking products. However, the overview extends beyond this narrow scope and provides analysis for a wider range of relevant research offering insights into green banking products. As for the choice of studies, due to the lack of academic literature from Estonia, the author of this paper considered it relevant to analyze studies from other European countries as well. For this, mainly countries closely located to Estonia in the EU were chosen. In addition, with an aim to illustrate a bigger picture, this subchapter will also cover studies on the Asian green banking sector.

It is worth noting that identifying relevant literature on green financial products proved to be a challenge. The existing studies mainly focused on different aspects connected to green banking products such as customer awareness and profitability. In addition, the majority of studies were conducted within the Asian banking sector. Thus, this study will not only provide insights into the green product offering in Estonia but will also contribute to the understanding of the green banking landscape in Europe by filling the literature gap.

The author of this paper acknowledges the importance of providing a comprehensive literature review that will form the basis for the empirical part of the analysis. Table 2 below provides an overview of the studies chosen by the author, including their focus, research approach, methods used, and findings.

Table 2

Focus, research approach, methods used, and findings of the previous studies

Author(s) and focus of the study	Analysis and methods	Findings
Laskovska (2018): green banking in Poland	Qualitative: descriptive and comparative methods, analysis of reports, a case study, expert interviews	The green banking sector in Poland is predicted to develop and evolve
Nilsson and Schwerin (2019): customer demand and loyalty for green banking products in Sweden	Qualitative and quantitative: 2 surveys with qualitative and quantitative questions on awareness, usage, and preferability of green products	Positive relationship between the introduction of green products and customer demand/loyalty
Lilleväli (2020): ESG risk management and sustainability of Estonian banks	Qualitative: analysis of publicly available information (banks' websites, social media, etc.) and engaging with banks to confirm/complement the initial evaluation	Commercial banks in Estonia are addressing ESG risks in their operations either insufficiently or not at all
Aasen et al. (2020): supply, demand and future opportunities of green corporate products in Sweden	Qualitative: interviews with bank representatives	A positive outlook on the future growth of the green financing market and the likelihood of new products to be developed. The main problems associated with green banking products are lack of skills and knowledge, identifying the target market, and convincing the customers to make use of the products due to higher cost involvement
Qureshi and Hussain (2020): challenges associated with green banking products in Pakistan	Qualitative: telephone and email interviews with bank representatives	
Boros and Huszár (2021): green products and disclosures, sustainability objectives of European banks	Qualitative and quantitative: examination of green finance portfolios and green products of 10 major domestic banks based on reports and other publicly available documents	The biggest banks in Europe are continuously developing green product offerings and their most common product is green bond
Mattsson (2021): role of green banking in Swedish banks and its effect on banks' attractiveness to customers	Qualitative: interviews with bank representatives	The concept of green banking is increasing the attractiveness of Swedish banks
Orobetc (2022): digitainability of the	Qualitative and quantitative: analysis of the reports and banks' websites, evaluation of CSR	Every bank in Estonia has integrated some form of digitalization and more than

Author(s) and focus of the study	Analysis and methods	Findings
Estonian banking sector	principles application, and application of “Digital” scoring	half of them actively apply sustainable principles
Sharma and Choubey (2022): Green banking initiatives in India	Qualitative: interviews with bank representatives	The majority of banks indulge in green product development, incorporate green processes in daily activities and CSR initiatives
Ringel and Mjekic (2023): role of banks in providing green finance for retail customers in Germany	Qualitative and quantitative: desk review, analysis of reports and banks' websites, interviews with sector experts	There is insufficient green product offer in the banking sector in Germany
Banytė and Markevič (2023): comparison of green banking in Lithuania and Spain	Qualitative: analysis of banks' websites	Green services in Lithuania and Spain are similar, focused on energy efficiency

Source: compiled by the author

Based on the studies chosen for the analysis, the author was able to identify the main four themes addressed. These themes are: green product offerings, advantages of green banking products, challenges associated with green banking products, and the future outlook of green product development. Figure 3 below illustrates the keywords and phrases from the literature clustered in four themes. The overview will utilize the themes identified for structuring the analysis.

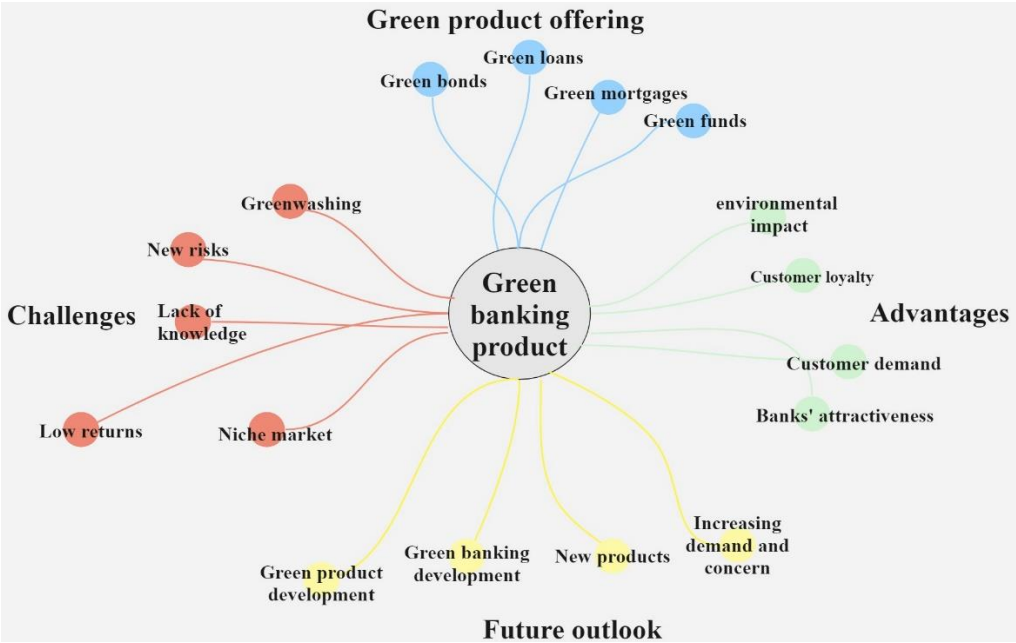


Figure 3. Themed visualization of keywords and phrases identified in the literature

Source: Compiled by the author

Green financial products in banks' portfolios differ across countries. However, some patterns could be identified signaling a similar level of green banking sector development in terms of green products. Table 3 summarizes green and environmentally friendly products identified by the authors of the chosen studies.

Table 3

Green and environmentally friendly products identified in previous studies

Author(s)	Country	Green/environmentally friendly offering
Laskovska (2018)	Poland	<ul style="list-style-type: none"> Environmentally friendly: credit cards, loans, insurance, leasing programs, and investment funds, insurance.
Nilsson and Schwerin (2019)	Sweden	<ul style="list-style-type: none"> Green: bonds, loans, mortgages, home equity loans
Lilleväli (2020)	Estonia	<ul style="list-style-type: none"> Green: investment funds
Aasen et al. (2020)	Sweden	<ul style="list-style-type: none"> Green: bonds, loans, corporate loans Environmentally friendly: sustainability-linked loans
Qureshi and Hussain (2020)	Pakistan	-
Boros and Huszár (2021)	10 different European countries	<ul style="list-style-type: none"> Green: bonds, loans, investment grants, green insurance, deposit, funds
Mattsson (2021)	Sweden	<ul style="list-style-type: none"> Green: funds, loans, bonds, mortgages Green: home loans, investment loans, loans, bonds
Orobetc (2022)	Estonia	<ul style="list-style-type: none"> Environmentally friendly: ESG-related bonds
Sharma and Choubey (2022)	India	<ul style="list-style-type: none"> Green: loans, financing, mortgages, loans for green construction
Ringel and Mjekic (2023)	Germany	<ul style="list-style-type: none"> Green: loans, bonds, investment funds
Banytė and Markevič (2023)	Spain and Lithuania	<ul style="list-style-type: none"> Environmentally friendly: <ul style="list-style-type: none"> - Spain: carbon footprints, sustainable cards, energy efficiency loans, subsidies and grants for sustainability, solar panel financing - Lithuania: solar power plant financing, environmentally friendly car loans, energy efficiency loans, electronic services, corporate sustainability

Note: “-” represents no data available

Source: Compiled by the author

Research on green banking products reveals a dominance of green bonds and green loans within the banks' portfolios. Furthermore, taking into account all the studies reviewed, the green offering also involves green mortgages, green funds, and green cards. It is important to note that through their research of green financial products, some scholars have identified

the most popular green products within their focus countries. After examining ten major European and Hungarian banks, Boros and Huszár (2021) found that green bonds are the most common product of European banks, followed by loans and investment grants. Ringel and Mjekic (2023) studied a larger sample consisting of 326 banks and concluded that the green financial market in Germany is dominated by investment funds and green loans, while the lower-risk instruments such as savings books, savings bonds, and time deposits remain niche products.

When it comes to the Baltics, the field of green banking is understudied. No studies have yet explored green banking products in Estonia and Latvia. However, Lilleväli (2020) and Orobetc (2022) contributed to the existing research by addressing related themes in the Estonian context. These studies can serve as a basis for forming expectations regarding the green banking landscape in Estonia. Lilleväli (2020) focused on Estonian pension funds and compared the four major banks (Swedbank, SEB, LHV, Luminor) based on 6 pillars, with one of them being products. The study revealed that SEB has integrated ESG criteria in their products and services the most, with the second best being LHV, followed by Swedbank and Luminor which didn't get a score for this indicator (Lilleväli, 2020). Another study by Orobetc (2022) found that only half of the banks were promoting and funding environmental projects by providing green financing in Estonia. Furthermore, the paper also highlighted green and environmentally friendly products offered by some of the banks operating in Estonia, such as green leasing (Luminor), green bonds (SEB), and ESG-related bonds and loans (Swedbank). Moving southwards within the Baltic region, Banytė and Markevič (2023) explored and compared green banking in Lithuania and Spain. The research demonstrated convergence in the sector's focus on energy efficiency.

Green banking products are associated with several advantages. First and foremost, green financial products serve as instruments aiming to provide a positive impact on the environment (Aasen et al., 2020). Although advantages such as the products' environmental orientation and potential ecological benefits are clear, green products offer more opportunities. One such opportunity, as stated by Laskovska (2018), can be combining two crucial benefits – for the economy and the environment. Furthermore, introducing green banking products has been found to be positively correlated with customer loyalty and demand (Nilsson & Schwerin, 2019) and banks' attractiveness (Mattsson, 2021).

Despite their potential benefits, green financial products face several challenges. One of the biggest challenges is the problem of greenwashing which has been highlighted by

Aasen et al., (2020) and Mattsson (2021). As stated by Mattsson (2021), greenwashing coupled with other disadvantages of green financial products such as new risks, new demands for customers, and low returns, negatively impacts the attractiveness of banks from the customer's perspective. Interestingly, no similar disadvantages were demonstrated in the study conducted on the Asian banking sector. Qureshi and Hussain (2020) found that the main challenges associated with green products include a lack of knowledge to develop new products and a niche market making it challenging to identify the target market. Moreover, developing, offering, and selling such products is costly for banks. This becomes especially relevant when facing competition as banks cannot continuously lower prices to due to which attracting customers becomes challenging (Qureshi & Hussain, 2020).

Lastly, the aspect studied in several papers reviewed concerned the future outlook of green banking. Results demonstrate that the green banking market is predicted to develop with a likelihood of new green financial products to be launched (Laskovska, 2018; Aasen et al., 2020; Boros & Huszár, 2021). As found by Boros & Huszár (2021) biggest banks in Europe are continuously developing green product offerings, demonstrating the increasing concern and demand for environmentally friendly solutions.

In addition to findings and information gathered from the previous studies, it is also vital to analyze the choice of analysis and methods that have been used, in order to get ideas for the empirical part of this study. As shown by Table 2, studies analyzed in this paper have mainly employed qualitative method of analysis, either by centering their methodology solely on using qualitative analysis or combining it with a quantitative approach. However, no study presented in this paper has been conducted using only the quantitative analysis method. Considering the exploratory nature of topics studied in previous studies and the topic chosen by the author of this paper, this gives a direction for the choice of the method of analysis by illustrating the relevance of adopting a qualitative research approach.

In order to gain insight into the potential research methods to be used in the empirical part of the paper, it can be noted that five out of 11 studies presented in Table 2 employed desk research methodology by analyzing publicly available information such as annual and sustainability reports, banks' websites, and other secondary sources. The aim of this step to be taken was universal for the studies - to collect and analyze information regarding sustainability strategies, green objectives, and green product offers of banks. Moreover, with the objective of gaining meaningful insights, for six studies it was deemed reasonable to conduct interviews with bank representatives and industry experts.

Using standardized expert interviews, Laskovska (2018) conducted two interviews where questions related to the cost-efficiency and level of green banking in Poland were asked. On the other hand, the interviews conducted by Aasen et al (2020) and Mattsson (2021) comprehensively covered several aspects of green banking. In order to interview bank representatives, Aasen et al (2020) developed a questionnaire consisting of four different sections including green products, Principles for Responsible Banking, EU taxonomy, and energy transition index. In the section about green products several questions regarding the motivation, demand, challenges, opportunities, future plans, and development of green banking products were asked. Similarly, Mattsson (2021) developed a set of 13 questions that covered topics of demand, awareness, customers' perceptions, features, financial returns, and challenges. These studies highlighted the necessity of involving the interview stage in empirical research and introduced ideas regarding the development and structure of the interview questionnaire to be used for this thesis.

By way of conclusion, although the field of green banking is relatively new, there is still various research done examining the green banking landscape, green product offers, and other sustainability-related topics of banks in different countries. It should be noted that not all the aforementioned studies had the same aim to specifically explore the green financial products of commercial banks, because of which slightly different approaches can be seen in the choice of methods. This was also reflected in the focus of surveys and questionnaires used. However, the studies presented above give an overview regarding the potential green banking products that banks in Europe, including Estonia, offer to their customers, making it easier to form expectations regarding the green banking landscape and the green banking product offering in Estonia.

To sum up the chapter, it can be concluded that commercial banks represent key players in supporting sustainable development and as major financing providers they can play a pivotal role in promoting green finance. By extending their offerings to provide green financial products and directing their funds towards environmental solutions, commercial banks can contribute to the transition to a greener economy. Green financial products in commercial banks' portfolios represent financial instruments that do not only focus on financial returns as in the case of conventional products but also incorporate environmental aspects. As could be seen from the overview of previous literature, green banking products are already present in several European banks' portfolios. These products are associated with opportunities including supporting sustainable development and positive impact on banks'

image, and challenges such as greenwashing. These findings can serve as a basis for forming expectations regarding the green financial product market in Estonia which will be discussed in the second chapter of this thesis.

2. Green financial products of Estonian commercial banks – an empirical analysis

2.1. Methodology and data

In the present subchapter, the author will provide a comprehensive overview of the methodology employed for the empirical analysis as well as the data selection and analysis process. In addition, potential limitations and ethical considerations of the research will be addressed.

As of February 12, 2024, there are in total 14 credit institutions operating in Estonia including nine licensed credit institutions and five branches of foreign credit institutions. In order to understand the competitive landscape, it is important to represent the distribution of the market power in terms of market share. Table 4 displays the list of commercial banks and the market share of commercial banks in Estonia based on total assets as of 31.12.2023.

Table 4

Credit institutions in Estonia and their market share based on total assets as of 31.12.2023

Credit institution	Market share (%)
Licensed credit institutions (commercial banks):	
AS Inbank	3.07
AS LHV Pank	16.66
AS SEB Pank	20.94
AS TBB pank	0.33
Bigbank AS	5.66
Coop Pank AS	4.80
Holm Bank AS	0.46
Luminor Bank AS	10.59
Swedbank AS	34.27
Affiliated branches of foreign credit institutions:	
AS Citadele banka	0.67
Finora Bank UAB	-
Nordea Bank Abp	0.05
OP Corporate Bank plc	2.25
TF Bank AB	0.25

Note: “-” represents no data available

Source: compiled by the author based on Eesti Pangaliit (n.d.); Finantsinspektsioon. (n.d.).

As it can be observed, the Estonian banking sector is dominated by a few key players including Swedbank, SEB, LHV, and Luminor. Additionally, Bigbank, Coop Pank, and

Inbank represent emerging players in the market having a combined market share of around 13.53%. Credit institutions that have a market share below 3% are collectively capturing 4.01% of the market. It is important to note that the presented information excludes Finora Bank, for which the market share data is unavailable as the bank started operating in Estonia in January 2024 (“List of banks in Estonia.”, n.d.).

The empirical part of this study aims to map the green financial products of commercial banks in Estonia. The methodological approach chosen for the research builds upon the literature review conducted by the author, considering the aim, objectives, and tasks of the thesis. Given the exploratory nature of the study, a qualitative study approach, which was also witnessed in the previous empirical studies analyzed in subchapter 1.3, was deemed appropriate to provide a throughout overview of the green banking product offering in Estonia. The empirical part of this thesis uses a mixed-method approach of documentary analysis and interviews, aligning with the works of Laskovska (2018) and Ringel and Mjekic. The methodology chosen consists of three parts aiming to collect and analyze the data for achieving the objective of the thesis:

1. The first part is desk research that involves analyzing annual and sustainability reports of the banks as well as collecting publicly available data from banks' websites.
2. The second part is conducting interviews with representatives from the banks in order to gain insights about the advantages, challenges, opportunities, and future prospects concerning green financial products.
3. The third part will synthesize the information obtained from the first two parts of the empirical analysis to provide an integrated analysis.

Upon completion of the three-part analysis, the author anticipates achieving the aim of the thesis by mapping retail and corporate green financial products of commercial banks in Estonia. The steps taken to fulfill the aim of the paper are illustrated in Figure 4:

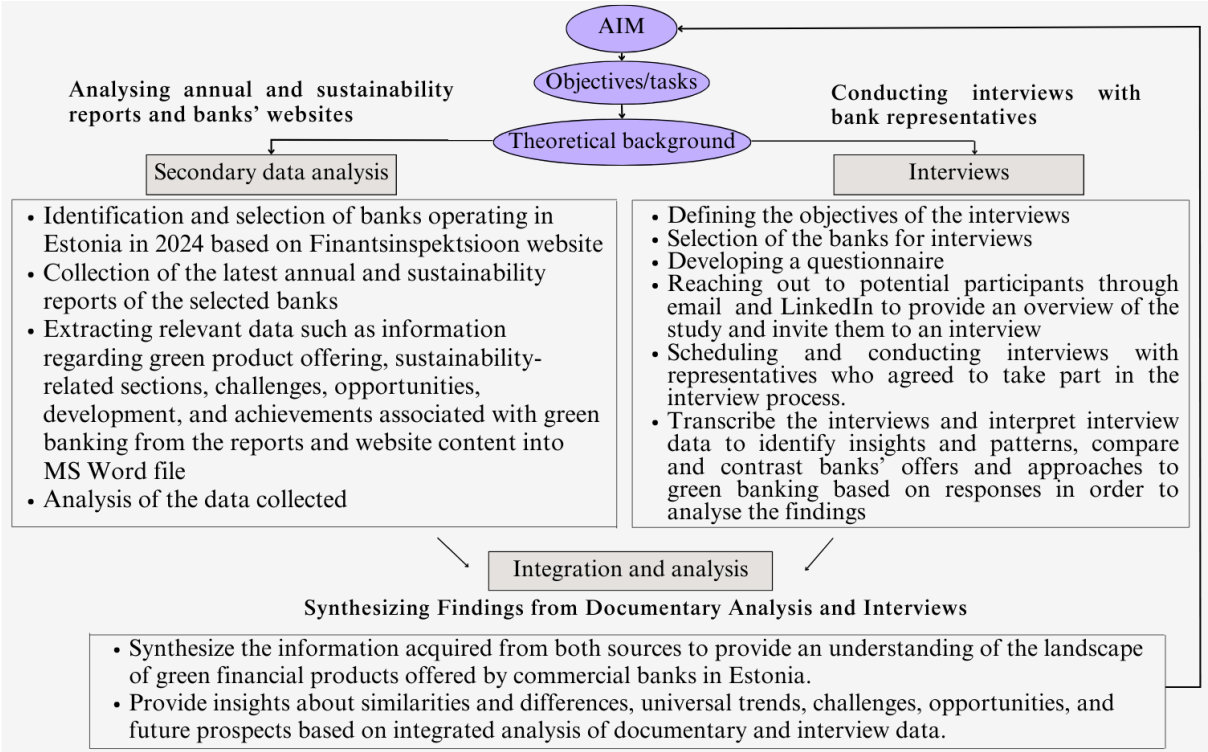


Figure 4. Methodology adopted for the empirical analysis

Source: Compiled by the author

To begin with the selection of the commercial banks to be analyzed in the empirical part of the thesis, the author's aim was to include all the banks operating in the Estonian financial market for the secondary data analysis and interviews. This would ensure an accurate representation of the entire banking sector and provide a comprehensive examination of the green products offered in Estonia.

Altogether, 15 reports were analyzed for 14 different credit institutions, comprising both annual and sustainability reports. In the selection process, the author prioritized the most recent reports published on banks' official websites, which varied between the years 2022 and 2023, in order to analyze and draw conclusions based on the latest available data. The list of the documents analyzed, document dates, and websites of banks used for the study can be found in Appendix A. Upon collection, the relevant sections including ESG strategy, sustainability mission statement, green product offerings, and other key subchapters were reviewed in detail to extract the data needed for analysis. The information gathered from the reports together with additional information found on banks' official websites were extracted into an MS Word document in order to organize and categorize information for analysis and provide comparison and synthesis across banks.

The interview stage represents a critical component of the empirical analysis for gaining meaningful insights from the bank representatives regarding green finance initiatives and offerings. While documentary analysis provided meaningful information regarding the banks' green product offerings and activities, interviews with bank representatives were conducted with the aim of gaining more insights and the most recent data. Due to the information gap that not full information is or can be disclosed on the website and annual reports, the interviews served as a method to ensure the completeness and collection of the most up-to-date information.

This stage involves several steps to be taken including the development of interview questions, contacting the representatives, conducting interviews, and analyzing the results. Before initiating the interview process, given the focus on green banking products, two sets of interview questions, each consisting of five sections, were developed (Appendix B): one for banks that offer green financial products and another for banks with no such offerings. The former covered sections of the overview of the bank's green product portfolio, environmental considerations, financial considerations, customer engagement, and development and future plans, while the latter included sections addressing a general overview and assessment of the absence of green banking products, environmental considerations, customer, competitor, and stakeholder perspectives, financial Implications, and risk management, and future plans. The questionnaires were formulated based on the focus, findings, and questionnaires of previous literature reviewed in subchapter 1.3, which highlighted the main aspects connected to green financial products.

Once interview questions were finalized, the next step was to contact representatives of banks to invite them for an interview. Representatives involved individuals working as ESG managers, sustainability managers, green product managers, and other relevant representatives, depending on their involvement and awareness regarding green banking activities. In total 14 banks were contacted, among which four agreed to an interview, four refrained from participating, and 10 stayed out of reach. The primary reason provided by the declining representatives was the inability to disclose information beyond what is available publicly, due to confidentiality.

The information regarding the interviews conducted, including the names of banks, interview date, format, duration, and page transcription are described in Table 5. Interviews were conducted in a semi-structured format, where a core set of 20 predetermined questions were asked to all interviewees, supplemented by additional inquiries when deemed necessary

by the author. It is worth noting that due to the targeted nature of the participant pool and their limited availability, a pilot interview was not conducted.

Table 5

The list of interviews conducted

Bank	Date	Duration	Format and platform	Pages transcription
Swedbank	20.03.2024	46 min	Online, MS Teams	9 pages
Bigbank	08.04.2024	53 min		10 pages
Luminor	19.04.2024	56 min		12 pages
SEB	30.04.2024	41 min		9 pages

Source: compiled by the author based on interviews conducted

Altogether, the interview data consisted of 196 minutes of audio/video recordings and 40 pages of transcript. The interview material was transcribed using Trint software complemented by manual verification by the author in order to ensure accuracy. Further analysis of the information collected for the empirical part of the study was done manually by the author.

As for the data used in the empirical analysis, as mentioned previously, the author collected data from publicly available annual and sustainability reports published on banks' official websites, website content from the official websites of the banks, and interviews conducted with bank representatives. This approach was adopted with the purpose of ensuring the accuracy and reliability of data.

The research, despite its valid methodology and reliable data, is not without limitations. One significant aspect lies in the scope of the research. The study solely focused on green banking products connected to core banking activities, excluding products of securitization, insurance, equity investment, technical assistance, and brokerage and market-making. Consequently, this narrow scope may have limited the ability to comprehensively illustrate how banks promote green finance across their entire product portfolio. Another limitation could be the limited participation of banks in the interviews. Although the author believes that the saturation point was reached, the results may be biased, limiting the generalizability of the findings. Additionally, the confidentiality of the information shared during the interviews hindered the depth of insights that could be disclosed in the results of the study.

In conducting the study, ethical considerations played a significant role in ensuring confidentiality and respect for interview participants. Interviewees provided consent to be recorded during the interviews and were promised full confidentiality in terms of anonymized identities, positions, and personal data. Recordings and interview transcripts were stored on a

personal laptop protected with password encryption. As decided by the author, the material obtained during the research process will be destroyed upon the study's completion.

2.2. Results of the content analysis of reports and webpages

Considering the methodology chosen for the empirical part of the thesis, this subchapter will present the findings of the content analysis of reports and webpages. Based on the overview of previous studies and keeping in mind the objectives of the thesis, four main themes were derived following which the analysis of results in subchapters 2.2 and 2.3 will be presented. These themes are:

- Theme 1 – General information about green/sustainable banking of the banks
- Theme 2 – Green product offering
- Theme 3 – Advantages and challenges associated with green banking products
- Theme 4 – Development and future outlook of green banking products in Estonia

The analysis of publicly available information will mainly cover Theme 1 and Theme 2 concerning the general overview of green/sustainable banking and green product offerings. In addition, some insights will be provided regarding the development of green banking products (Theme 4). As the information regarding advantages, challenges, development, and future outlook is not (fully) available in public sources and is mostly based on experiences and opinions, these aspects will be analyzed in detail in the following subchapter 2.3. In the coming pages, the author analyzes the data collected for 14 commercial banks presented in Estonia. Findings presented in the empirical analysis of the thesis will be connected to the previous literature. However, a more detailed overview of the findings in correlation with prior literature is available in Appendix C.

To begin with illustrating the overall approach to sustainability and green banking, based on the information disclosed publicly through the reports and website content, it was observed that all four major banks (Swedbank, SEB, LHV, Luminor) on the market are aware of the role they can play in transitioning to a greener economy and continuously commit to providing sustainable banking practices for creating a long-term value. While Swedbank and SEB are aiming to have a leadership position in sustainable transition, LHV focuses on delivering uniquely designed products and services and by that contributes to environmental responsibility. Luminor is also known for its commitment to green recovery, by setting sustainable objectives, developing sustainable products, and disclosing achievements related to sustainability, the bank plays a huge role in encouraging its clients to achieve their

sustainability goals. Emerging players such as Bigbank, Coop, and Inbank together with banks with small market shares including TBB, TF, Holm, Nordea, Citadele, and OP Corporate, also acknowledge the importance of supporting sustainable development through their operations and activities. It has been specifically highlighted in the reports of Coop, Inbank, and TBB that the banks refrain from providing financing to sectors that are associated with negative environmental and social impacts such as gambling, tobacco, weapons, corruption, and other unethical practices. Surprisingly, Finora is the only bank that didn't publicly disclose any information related to ESG, sustainability, or green banking. When it comes to regulations and compliance, it has been found that the EU Taxonomy Regulation represents the most widely followed assessment framework based on which commercial banks in Estonia define and classify activities and products as "green" or "sustainable".

Commitment to providing sustainable operations and contributing to the green transition is reflected in the green product offerings of the banks. Several Estonian banks provide credit to retail and corporate customers aiming to finance green purchases. The main peculiarity of these products lies in their environmental focus. Investigating the green product offering of banks, an examination of banks' green portfolio reveals the dominance of green loans, with the loans intended for the purchase of energy-efficient solutions, green leasing, and green home loans representing the most popular options. Interestingly, green loans were also found to be one of the most popular green products offered by German banks examined by Ringel and Mjekic (2023).

The loan for improving energy efficiency is a green product designed for customers willing to improve the energy efficiency of buildings by purchasing solar panels, heating and ventilation solutions, electric car chargers, and energy storage systems. Green leasing, on the other hand, allows customers willing to purchase environmentally friendly vehicles to benefit from special features compared to standard leasing. Finally, green home loans incentivize the purchase of environmentally friendly houses. Table 6 below illustrates these products with conditions and features. Banks employ a prevalent strategy to encourage customer adoption of green financial products. This strategy is mainly centered on offering special features. Notably, favorable interest rates appear to be the most common feature associated with green banking products. Other features include quick and easy application procedures, no requirement for collateral, and no extra fees for early repayment. Therefore, it is more convenient for clients to make a choice in favor of a green banking product as there exist additional features that are typically not present for conventional products.

Table 6

Green energy efficiency loans, green leasing, and green home loans in Estonian banks

Bank	Product	Conditions/Features
<i>Green loans for energy efficiency</i>		
SEB	Green Micro Business loan SME	<ul style="list-style-type: none"> • Lower interest rate compared to conventional loans • no collateral • Simple application procedure • Description of investment project required • The latest annual report including the balance sheet and income statement is required
LHV	Green hire-purchase	<ul style="list-style-type: none"> • Fixed interest rate • Loan period up to 10 years • 0% contract fee for solar panels purchase
Inbank	Green energy loan	<ul style="list-style-type: none"> • Low interest rate • Early repayment without extra cost • Quick and easy application process • Instant decision (money is transferred within one day)
<i>Green leasing</i>		
SEB	Green leasing	<ul style="list-style-type: none"> • Favorable interest rate • Automated and fast procedure
LHV	Green leasing	<ul style="list-style-type: none"> • Leasing period of up to 84 months • Lower interest rate • Discount on LHV insurance
Coop	Green leasing	<ul style="list-style-type: none"> • Favorable interest rate
<i>Green home loans</i>		
SEB	Green Home loan	<ul style="list-style-type: none"> • Lower interest rates • No contract fees • Maturity up to 30 years • Premature loan repayment without additional charges
LHV	Green Home loan	<ul style="list-style-type: none"> • Initial loan offer in 24 hours
Citadele	Green Home loan	<ul style="list-style-type: none"> • Favorable interest rates

Source: Compiled by the author

Besides the most established green products, a number of unique green products exist in Estonian banks' portfolios, tailored to respond to specific diverse customer needs. An example of this could be two types of investment loans launched by LHV: Green Investment Loan for Companies to invest in lower energy consumption/production of renewable energy/everyday resource efficiency offering favorable interest rate conditions and Green loan for housing development - Investment Loan for Housing Developers to build energy-efficient apartments with an interest rate is 0.5% lower than usual. Similarly, in addition to the abovementioned green products, SEB offers a Green Corporate Loan which represents a green

instrument with favorable interest rate conditions for corporate clients in need to fund environmentally friendly projects and purchases. Lastly, due to seeing the increasing demand for sustainable initiatives from clients, Citadele Bank expanded its green product offering in the third quarter of 2023 by introducing the Green Savings Account which represents the first green savings account in the Baltic market.

Environmental efforts of banks expand beyond green products. Several banks in Estonia offer other environmentally friendly products to customers. This was also seen in the works of Laskovska (2018), Aasen et al. (2020), Orobetc (2022), and Banytė and Markevič (2023). Despite the fact that these products are not labeled as "green", they support environmental practices and, in most cases, offer more favorable conditions to customers compared to conventional banking products. Table 7 below illustrates the environmentally friendly products offered by commercial banks in Estonia.

As can be observed, the offering of environmentally friendly products mainly consists of loans for energy efficiency. The features of environmentally friendly products are similar to those of green consisting mainly of favorable interest rate conditions, no additional fees for early repayment, no collateral requirements, and a digitalized procedure. However, some banks offer additional features such as discounts on insurance, and additional requirements of submitting the proof of purchase as a condition. One distinctive feature that can be seen from the table is Holm Bank's idea to provide clients with the possibility of seasonal repayment, which lets the borrower pay only the interest part of the loan when having the months of highest energy consumption (Home Energy Loan).

Table 7

Environmentally friendly products of commercial banks in Estonia

Bank	Product	Conditions/Features
Swedbank	Renovating loans	<ul style="list-style-type: none"> • No collateral required • Long loan period and small monthly payments • Lower interest rate compared to a standard loan
Swedbank	Home energy efficiency loan	<ul style="list-style-type: none"> • No requirement for down payment • Required to send proof in terms of photos after the energy-efficient renovation work is done, otherwise the bank has the right to increase the interest rate • Lower interest rate compared to other small loans
Swedbank	Loan for the purchase of solar panels	<ul style="list-style-type: none"> • Loan period up to 10 years • No requirement for down payment or collateral • After signing the agreement, the borrower is required to make a purchase and send relevant proof, otherwise the bank has the right to increase the interest rate
Swedbank	Home loan	<ul style="list-style-type: none"> • Special offers for energy class A assets

Bank	Product	Conditions/Features
SEB	Home energy efficiency (consumer) loan	<ul style="list-style-type: none"> • Favourable interest rate conditions • Fixed interest rate • No fee for early repayment • No collateral required
Luminor	Loans for energy efficiency	<ul style="list-style-type: none"> • Low interest rate • Long term • No down payment requirement • Repayment possibility before maturity without extra charges • Project to be financed to be submitted, funds should be used for intended purposes
Holm	home energy loan	<ul style="list-style-type: none"> • Fully automated procedure • No collateral required • Possibility for seasonal repayment • Lower interest rate compared to standard leasing
Swedbank	Leasing	<ul style="list-style-type: none"> • Discount on Swedbank insurance • Agreement is signed digitally
Luminor	Credit for all electric and hybrid vehicles	<ul style="list-style-type: none"> • Fixed and lower interest rate
Coop	Home loan	<ul style="list-style-type: none"> • lower interest rate for the purchase of property with a higher energy class (A or B)
SEB	Eco-friendly bank cards (ISIC, ITIC)	<ul style="list-style-type: none"> • The first environmentally friendly card in Estonia that is made of corn • Offers discounts and online transaction possibilities

Source: Compiled by the author based on the analysis of reports, website content, and interviews

It is important to acknowledge that the adoption and offering of green and environmentally friendly products is not uniform. As can be noticed from the information presented, several banks including TBB, TF, Nordea, Finora, OP, and Bigbank do not offer any green or environmentally friendly products to customers in Estonia at all. Another important aspect connected to the overall product offering is its emphasis on energy efficient solutions. Similarly to green banking sectors in Lithuania and Spain by Banytė and Markevič (2023), Estonian green/environmentally friendly offering is focused on energy efficiency as well.

Lastly, it is interesting to illustrate the development of green banking and its future outlook. For several banks including Coop, Inbank, Citadele, and Holm, recent years have been the starting point of green banking. 2022 was the year when Coop Pank launched the first green product – Green Leasing showcasing the bank's willingness to contribute to green

banking sector development. This was followed by Citadele Bank expanding its green product offering in 2023 by introducing a Green Savings Account in the third quarter and a Green Home Loan in the fourth quarter. In the case of Inbank, as of 31.12.2023, green financing represented 23% of the bank's loan and rental services, showing a slight increase of 1% compared to the year 2022. This gives a positive outlook regarding the growth of the green banking market and the development of more green financial products in Estonia, which was also found by Laskovska (2018) and Aasen et al (2020) in the case of Poland and Sweden respectively.

To summarize, the subchapter revealed that most banks in Estonia actively disclose sustainability-related information through reports and websites. As found, the green banking market in Estonia is dominated by green loans. To specify, banks' offerings mainly consist of green energy efficiency loans, green leasing, and green deposits. In addition, several banks offer environmentally friendly products to their customers. Similarly to green instruments, these products are also offered with specific features and conditions. It is worth highlighting that while previous studies did not specifically delve into features, conditions, and peculiarities, the author of this paper considered it necessary in order to illustrate the comparison between green and traditional products. The following subchapter 2.3 will further explore green financial products by providing insights from the interviews conducted. Lastly, the findings of the empirical analysis will be synthesized.

2.3. Results of interviews

The present subchapter aims to represent the results of interviews conducted with representatives from four Estonian banks (Swedbank, Bigbank, Luminor, SEB). With the objective of providing a richer analysis without duplicating information, the author of this paper deemed it reasonable to focus mainly on Theme 3 and Theme 4. Thus, the subchapter will present the advantages, challenges, and future outlook associated with green banking products, while providing additional insights uncovered during the interview for the rest of the themes.

Following the themes presented in 2.2, a coding table was compiled based on the interviews conducted, illustrating the codes connected to each theme by categories. Table 8 depicts the keywords used by the representatives during the interview.

Table 8

Coding table

Themes	Codes	Categories
1. General information about green banking and green banking products	<ul style="list-style-type: none"> • EU Taxonomy • Regulation 	Definition/compliance
	<ul style="list-style-type: none"> • Positive impact • Transition toward green • Acknowledging the role of banks 	Motivation
	<ul style="list-style-type: none"> • Green products • Environmentally friendly offers • Energy efficiency loans 	Products
	<ul style="list-style-type: none"> • Lower interest rate • Regulation 	Features and peculiarities
3. Advantages and challenges associated with green banking products	<ul style="list-style-type: none"> • Positive impact on the environment • Positive impact on bank image 	Advantages
	<ul style="list-style-type: none"> • Greenwashing 	Challenges
	<ul style="list-style-type: none"> • Increasing demand • More products 	Development
4. Development and future outlook of green banking in Estonia	<ul style="list-style-type: none"> • Positive outlook • Continuing development 	Future outlook

Source: compiled by the author based on interviews conducted

In addition to publicly available general information disclosed by banks regarding their motivation and approach to green banking and sustainability, some key motivational drivers were stated by the representatives of banks. The main reasons included a positive impact on the environment, willingness to contribute towards the transition to a greener economy, and responsibility and acknowledgment of the role banks can play in this transition. A representative from SEB pointed out that:

“I think that cutting edge right now in this field is to develop transition financing that helps those clients that are not green today, be green tomorrow.” Representative from SEB

Interestingly, a slightly different opinion was shared by the representative of Bigbank who didn't neglect the previous factors mentioned but stated that most banks are adopting green banking practices primarily due to marketing purposes. Furthermore, all representatives interviewed emphasized that green financial products are associated with complex regulations and compliance that need to be followed.

Moving forward to the product offering, besides the list of products that were found in publicly available sources, it has been stated by the representative from Swedbank during the

interview, that the bank offers environmentally friendly loans such as loans for afforestation, loans for farmers (agriculture), loan for renewable energy, and sustainability-linked loans for corporate customers. In addition, according to further communication with the representative after the interview, another product that was launched recently by the bank is the Real Estate Energy Efficiency Loan. Similarly to the products that have been presented before, these loans offer more favorable interest rate conditions as well as special requirements of relevant documentation provision. Lastly, it has been stated that all the bank cards of Swedbank are made of renewable plastic and thus can be considered to be environmentally friendly products.

It is crucial to note that interviews provided the reasoning behind offering environmentally friendly products that are not labeled as "green products". As highlighted by the representatives of Swedbank, SEB, and Luminor, banks are careful with naming a specific product "green" or "sustainable" in order to avoid greenwashing practices. All four banks involved in the interview process stated that they follow the EU Taxonomy Regulation in order to define green or sustainable products and consider it a crucial document for assessing the environmental orientation and classifying a product. A representative from Luminor stated:

"We would rather go aside from "green" because of greenwashing and we want to call it according to European regulations. Aside from sustainable products, we have these sustainability-linked products which are still contributing to a sustainable purpose, but the criteria is way flexible." Representative from Luminor

To complete the theme of green product offering the final results should be presented by synthesizing the results derived from the analysis of the reports, website content, and interviews. Analysis exploring green products of commercial banks in Estonia shows that 9 out of 14 banks operating in Estonia do not offer any green products to their customers while 6 out of 14 banks do not offer any environmentally friendly products. The offering of banks with green product portfolios mainly consists of green energy efficiency loans, green leasing, and green home loans. This is also depicted in Figure 5 below, which represents the main output of the thesis and illustrates the existing offer of green financial products of commercial banks in Estonia. Additionally, other environmentally friendly products are presented as well.

Bank	Green certificate of deposit (CD)	Green energy-efficiency loan	Green home loan	Green leasing	Green account	Green corporate loan	Green investment loan	Green card
Swedbank	Red	Yellow	Yellow	Yellow	Red	Yellow	Red	Yellow
SEB	Red	Green	Green	Green	Red	Green	Red	Yellow
LHV	Red	Green	Green	Green	Red	Red	Green	Red
Luminor	Red	Yellow	Red	Yellow	Red	Red	Red	Red
Bigbank	Red	Red	Red	Red	Red	Red	Red	Red
Coop	Red	Red	Yellow	Green	Red	Red	Red	Red
Inbank	Red	Green	Red	Red	Red	Red	Red	Red
OP Corporate	Red	Red	Red	Red	Red	Red	Red	Red
Citadele	Red	Red	Green	Red	Green	Red	Red	Red
Holm	Red	Yellow	Red	Red	Red	Red	Red	Red
TBB	Red	Red	Red	Red	Red	Red	Red	Red
TF	Red	Red	Red	Red	Red	Red	Red	Red
Nordea	Red	Red	Red	Red	Red	Red	Red	Red
Finora	Red	Red	Red	Red	Red	Red	Red	Red

Figure 5. Green and environmentally friendly financial products of commercial banks in Estonia

Note: The presence of a product is presented with the color green; The absence of the product is presented with the color red; Yellow color presents the environmentally friendly products that are not labeled "green"

Source: Compiled by the author

As can be noticed from the information presented, several banks including TBB, TF Bank, Nordea, Finora Bank, OP Corporate Bank, and Bigbank do not offer any environmentally friendly products to customers in Estonia at all. Thus, while measuring the environmental efforts in terms of the number of green/environmentally friendly products offered to customers, it can be seen that the major banks in terms of market share have leader positions with Swedbank offering the most, ten different green/environmentally friendly products, followed by SEB with six products, LHV with five products, and Luminor with two environmentally friendly banking products in its portfolio. However, emerging players as well as banks with small market shares are also contributing to the development of environmental practices in the Estonian banking sector by offering eco-friendly products. This is also depicted in Figure 6 presenting the positioning map of banks evaluated on the size of a bank in terms of market share (%) and environmental efforts in terms of the number of green/environmentally friendly products (N) in a bank’s portfolio.

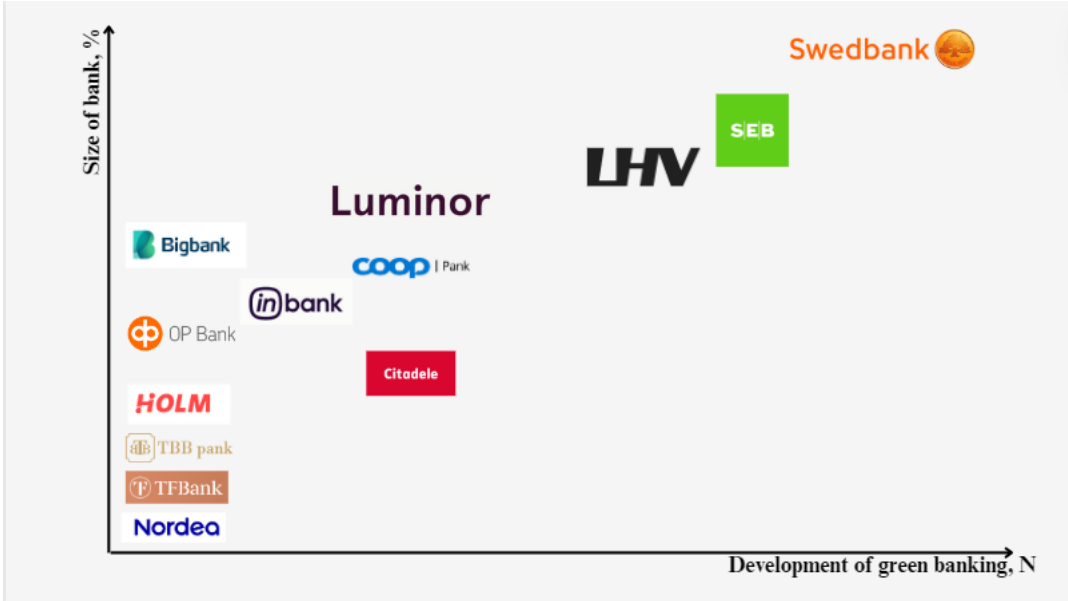


Figure 6. Positioning map of banks evaluated on size of a bank in terms of market share and environmental efforts in terms of the number of green/environmentally friendly products in a bank’s portfolio

Note: Logos were taken from the official websites of the banks available in Appendix A
Source: Compiled by the author

Green banking products are associated with a range of positive outcomes, making them an attractive choice for a multitude of stakeholders. A key consensus emerged among bank representatives regarding the advantages associated with green banking products. All representatives interviewed emphasized the importance of a contribution to sustainable practices and positive environmental impact. Notably, representatives from Swedbank, Luminor, and SEB highlighted an additional benefit of positive impact on bank image and reputation. These results are in line with the findings of Aasen et al. (2020) and Mattsson (2021).

Similar to Aasen et al. (2020) and Mattsson (2021), all representatives interviewed provided consistent responses regarding the challenges associated with green banking products by shedding light on the problem of greenwashing. As has been discussed during the interviews, implementing green practices and introducing green products specifically is associated with the complex procedure of evaluating conditions, regulations, companies, and private borrowers. Thus, in case of ineffectively measuring the risks and implementing practices that do not fully evaluate each product in terms of environmental criteria, banks face a potential threat of being accused of supporting greenwashing practices, which can harm companies' image and reputation. In contrast to the challenges identified by Qureshi and

Hussain (2020), none of the interviewees mentioned a lack of knowledge and skills as a problem associated with developing green banking products. Moreover, identifying and attracting target customers due to high-cost involvement resulting from the increasing competition was also not stated by the representatives. However, one interesting aspect connected to the pricing of the product, compliance with regulations, and attracting customers was gathered from the interview with Swedbank. As stated, it represents a challenge to find the right balance between attracting customers, staying compliant with regulations, and offering a product with additional features that are still profitable for the bank. A representative from Swedbank mentions:

“I think the main key is to find a good balance between making the product attractive enough for the clients in terms of the pricing so that they are interested that, while also ensuring that, we remain compliant and profitable, because, as I said, it might be very easy for the client, if you don't ask anything from them. But if we say that it is green lending, then we also need some info or data about it. So, we need to make sure that, it is attractive for the client, but, also we can say confidently that, funds are used for green purposes.”

Representative from Swedbank

When it comes to development associated with green banking products, the number of green/environmentally friendly banking products in the banks' (Swedbank, SEB, Luminor) portfolio increased since the initial introduction. The representatives highlighted that the green banking field has been and is believed to evolve and develop during the following years while a representative from Bigbank informed that the bank is currently working on launching the first green banking product – green leasing in the second quarter of 2024. These findings are identical to the findings regarding green banking and green product development in Poland, Sweden, and Hungary found by Laskovska (2018), Aasen et al. (2020), and Boros and Huszár (2021), respectively. The author gathered from the interviews that there is a likelihood of new green products to be developed, which is similar to the finding by Aasen et al. (2020). This can mostly be attributed to Bigbank, where the representative from the bank stated that:

“We are considering launching a few private products, not just for corporate customers. We are thinking about housing loans to help people to buy more energy-efficient homes. So this is one way. The other way is through higher purchase type of financing so that people could buy themselves either solar panels or heaters, which are less energy-demanding. For corporates, we are also thinking about launching green products regarding development loans because we are pretty being financier of real estate development projects, which means

that we can actually become green for already building the green houses.” Representative from Bigbank

Another important aspect highlighted by the representative from Swedbank was the approach to banking in the future, which does not separate green from conventional banking and integrates environmentally friendly practices in daily operations. The representative stated:

“I think that sustainability is very important to us. Even when I sit in the office, I hear about it every day. But it's not separate from regular business. So, sustainability is something in all customer dialogs. It doesn't matter if we say that it is specifically green lending. We still, talk to the customer about their plans and help them in other ways as well. So, I think in the future as well, it shouldn't be a separate thing. It's not like, we have regular business, and then we have green business. Our aim is that they are intertwined, and we don't do anything separately like separate green strategy or separate green marketing, this is our everyday life. and it's so ingrained that I hope that we move in that direction.” Representative from Swedbank

Upon completing the analysis of the reports, website content, and interviews and synthesizing the results, the following conclusions can be drawn, summarizing the main findings of the thesis:

- Most banks in Estonia (13 out of 14) acknowledge the importance of addressing environmental issues and disclose sustainability-related information publicly through official websites and annual and sustainability reports. Main motivations for introducing green and environmentally friendly products include positive impact on the environment, contribution to transition towards a green economy, and acknowledgment of the role and responsibility of banks in addressing sustainability-related issues.
- Besides green banking products, banks have other environmentally friendly products in their portfolio that are not classified as green. These products have a positive impact on the environment but do not satisfy the criteria set by the EU Taxonomy Regulation regarding the classification of economic activities.
- Nine out of 14 banks operating in Estonia do not offer any green products to their customers while six out of 14 banks do not offer any environmentally friendly products. Green offerings of commercial banks in Estonia are dominated by green loans, with the loans intended for the purchase of energy-

efficient solutions, green leasing, and green home loans representing the most popular products.

- The main peculiarity of green banking products lies in their objective to contribute positively to the environment while the most popular feature offered by commercial banks to encourage customers to use green banking products is favorable interest rate conditions.
- The main advantages associated with green banking products are their contribution to sustainable practices and positive environmental impact as well as their positive effect on banks' image and reputation. The main challenge, on the other hand, is greenwashing.
- The green banking field in terms of green product development has been and is believed to evolve. There is a positive outlook regarding the development of green banking in Estonia, with a likelihood of new green products to be developed.

Having mapped green financial products of commercial banks in Estonia, this study contributes to understanding the green banking landscape of the country. Nevertheless, several avenues for future research exist. To this end, the author's recommendations include researching profitability comparison of green and conventional products, and customer awareness and preference for green products. Additionally, a comparative analysis of green banking product offerings in the Baltic states would provide valuable insights.

Conclusion

Commercial banks as financial intermediaries can play a key role in mitigating climate change and addressing environmental concerns by directing funds into environmentally friendly projects and initiatives. The idea of banks supporting sustainability goals requires adopting a long-term approach, which does not only focus on short-term benefits such as financial return and economic value creation but also involves environmental aspects. By refraining from financing activities that harm the environment and providing funds to individuals and companies willing to support sustainable development, commercial banks are contributing to the transition to a greener economy. One of the ways banking institutions can integrate green practices into their operations is by introducing green financial products and services to clients with more favorable conditions compared to conventional banking products, in order to encourage them to engage in environmentally friendly activities and create long-term value.

The main distinctive feature of green banking products compared to conventional banking products lies in their purpose: while conventional banking products are specifically designed with an aim to maximize the financial returns of banks, green products also take into account environmental criteria. Banks design green products with specific conditions and features in order to attract more customers to pursue their activities in a sustainable manner. Even though these features and conditions can differ across banks, it can be seen from the analysis that commercial banks in Estonia focus on providing more favorable interest rate conditions similar to the approach like that of the world.

Previous studies show that green banking represents a relatively new field that comes with advantages and opportunities as well as uncertainty and challenges for both commercial banks and customers. Despite the fact that the green banking sector cannot be said to be developed in Europe and Estonia due to the lack of green product offerings and its diversity in the market, there is a positive outlook regarding its development in the following years. Due to increasing awareness regarding environmental concerns and understanding of the role of banks as major financial companies having the power to channel and direct funds to sustainable practices, many commercial banks started to realize the importance of following the green transition trend and are planning to expand their green product offerings to respond to sustainability objectives.

The author conducted an analysis consisting of a mixed methods approach including documentary and website analysis and interviews that examined green product offerings of 14 commercial banks operating in Estonia. The key step in the analysis was the collection of data from the annual and sustainability reports and the banks' official websites from which relevant information regarding the banks' overall approach to green banking, green financial products, and its features and conditions were identified. Interviews served as a method to ensure the completeness of the information and collection of the most up-to-date data. In addition to green offerings, the research delved into identifying the opportunities and challenges associated with green banking products and provided some insights regarding the future outlook of the green banking sector.

The analysis showed that green loans represent the most popular green product offered by the banks in Estonia. To specify, the green portfolio of commercial banks is dominated by green energy efficiency loans, green leasing, and green home loans. The most common feature of the products that banks introduce in order to attract customers is favorable interest rates. However, additional features such as discounts, no extra charges, and no collateral or

downpayment requirements are offered for specific green products as well. The study found that nine out of 14 banks that are currently operating in Estonia do not offer any green financial instruments while six out of 14 banks do not have any environmentally friendly product in their portfolio at all. The absence of green products in more than half of the Estonian commercial banks' portfolio as well as the presence of not so many different types of green products dominated by green energy efficiency, green leasing, and green home loans gives a basis for forming the conclusion that the Estonian green banking market cannot be considered to be diverse in terms of green product offerings. However, it should be noted that generally, the interviews confirmed the positive outlook regarding the green banking sector development in Estonia in the near future.

Using the combination of methods in the thesis, the author was able to fulfill the research aim by exploring the green financial products offered by the Estonian commercial banks. In addition, some insights were provided including the possibilities and challenges associated with green products, the near-future outlook of the green banking sector, and the diversity of the green banking market in Estonia giving some potential directions for future research on related topics.

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Appendices

Appendix A

Reports and websites analyzed

Bank	Report	Website
Swedbank AS	Swedbank Estonia Annual Report 2023	https://www.swedbank.ee/
AS SEB Pank	<ul style="list-style-type: none"> • AS SEB Pank Annual report 2023 • AS SEB Pank Sustainability Report 2023 	https://www.seb.ee/
AS LHV Pank	AS LHV Group Consolidated annual report 2023	https://www.lhv.ee/
Luminor Bank AS	Luminor Annual Report 2023	https://luminor.ee/
Coop Pank AS	Coop Pank Annual Report 2023	https://www.cooppank.ee/
Bigbank AS	Bigbank AS Annual Report 2023	https://www.bigbank.ee/
Holm Bank AS	Holm Bank AS Annual Report 2023	https://www.holmbank.ee/
AS TBB pank	AS TBB pank 2022. CONSOLIDATED ANNUAL REPORT	https://www.tbb.ee/
AS Inbank	AS Inbank Annual Report 2023	https://www.inbank.ee/
AS Citadele banka Eesti filiaal	AS Citadele banka ANNUAL REPORT 2023	https://www.citadele.ee/
Finora Bank UAB Eesti filiaal	AS FINORA GROUP CONSOLIDATED ANNUAL REPORT 2022	https://finorabank.eu/
Nordea Bank Abp Eesti filiaal	Annual Report Nordea Bank Abp 2023	https://www.nordea.com/
OP Corporate Bank plc Eesti filiaal	OP Corporate Bank plc's Report by the Board of Directors and Financial Statements 2023	https://www.opbank.ee/
TF Bank AB Eesti filiaal	TF Bank Annual Report 2023	https://tfbank.ee/

Appendix B

Interview questions

For banks that offer green banking products:

Overview of Bank's Green Product Portfolio:

- 1) How does your bank define "green" products and services?
- 2) Can you provide an overview of specific green banking products offered by your bank, both for retail and corporate customers?
- 3) What was your bank's motivation for introducing green banking products?
- 4) Can you describe the process of developing and implementing green banking products in your bank?
- 5) can you provide examples of successful green banking initiatives of your bank?
- 6) What are the advantages and opportunities arising from offering environmentally friendly products and services?
- 7) What are the main challenges and barriers associated with introducing green banking products? Are there any challenges your bank faced in implementing green banking products?

Environmental Considerations:

- 8) How does your bank ensure compliance of its green products with environmental regulations? a
- 9) How would you evaluate and measure environmental impact of the green banking products offered by your bank? and how does the bank ensure that the funds allocated through green banking products are used for environmentally friendly purposes?
- 10) What criteria your bank uses to determine customers' eligibility for green financing and investment? are there any specific criteria corporate clients have to meet in order to qualify for green products?
- 11) how do you collaborate with other stakeholders, such as environmental organizations or other related institutions, in developing green products?

Financial Considerations:

- 12) How do the costs associated with developing and maintaining green banking products compare to conventional banking products?
- 13) How does the profitability of green banking products compare to the profitability of conventional banking products within your bank's portfolio, and what are the factors contributing to these differences?
- 14) Can you provide insights into the pricing strategy your bank uses for green banking products compared to non-green products?

Customer Engagement:

- 15) What are the key features and benefits of green banking products your bank offers to customers?
- 16) How does your bank promote green banking products and what strategies do you use to raise awareness on these products among customers?
- 17) To what extent is customer demand a driving factor for introducing green banking products?

Development and Future Plans:

- 18) How has the range and scope of green banking product offering evolved since its initial introduction in case of your bank? Have there been any major enhancements or changes over the past year?
- 19) How has the demand for green banking products evolved during the past years?

- 20) What can you name as key factors driving the growth of green banking products in Estonia?
- 21) Looking ahead, what are your bank's future plans for the development of green banking products and services offered?

For banks that do not offer green banking products:

General Overview and Assessment of Absence of Green Banking Products:

- 1) How does your bank define "green" products and services?
- 2) Can you provide an overview of specific green banking products offered by your bank, both for retail and corporate customers?
- 3) Could you provide insights as to why your bank currently does not offer any green banking products? Are there any specific challenges preventing the bank from launching green banking products?
- 4) Has your bank considered launching green banking products in the past? and if so, what were the reasons for not implementing them?
- 5) Are there any operational or logistical barriers that your bank has encountered when considering implementing green banking products?
- 6) How does your bank view the regulatory landscape when it comes to green banking products, and to what extent does it influence your decision-making process?
- 7) How does your bank view the role of green banking and green banking products within its overall business strategy?

Environmental Considerations:

- 8) How are environmental and social responsibility principles incorporated into operations in case of your bank?
- 9) Are there any programs, measures, or initiatives in place to foster sustainability within your bank's operations, even in the absence of green banking products?

Customer, Competitor, and Stakeholder Perspectives:

- 10) To what extent does your bank monitor industry trends related to sustainability and green finance?
- 11) How does your bank perceive green banking initiatives undertaken by competitors and industry peers?
- 12) Has your bank received any feedback or inquiries from stakeholders such as shareholders, regulators, and customers concerning the absence of green banking products?
- 13) Has the bank conducted any market research or analysis aiming to assess the customer demand for green banking products?
- 14) What are the bank's perceptions regarding the level of customer interest in green banking products?

Financial Implications and Risk Management:

- 15) How does your bank assess the potential financial implications associated with introducing green banking products, including costs, revenue, and profitability?
- 16) What can be the perceived risks of implementing green banking products, and how does your bank plan to address them?
- 17) How does your bank perceive the risk-return trade-off when it comes to green banking products in contrast to traditional banking products?
- 18) Has the bank conducted any cost-benefit analyses or financial modeling to determine the feasibility of offering green products?

Future Plans:

- 19) Does your bank have any plans of introducing green banking products in the future?

- 20) Are there any specific areas or prospects within green banking that your bank identifies as particularly promising or viable?

Appendix C

Empirical findings and their correlations with previous literature

Findings	Correlation with literature
The most popular product offered by commercial banks in Estonia is a green loan	Ringel and Mjekic (2023).
The banks focus in Estonia in terms of green banking products is on energy efficiency	Banytė and Markevič (2023)
The main advantage of green products is their positive impact on the environment	Aasen et al., 2020
There is a positive outlook regarding the growth of the green banking market and the development of more green financial products in Estonia	Laskovska (2018); Boros & Huszár (2021), Aasen et al (2020)
Introducing green products positively affects banks' image and reputation.	Aasen et al. (2020); Mattsson (2021).
The main challenge associated with green products is greenwashing	Aasen et al. (2020); Mattsson (2021),

Resümee

EESTI KOMMERTSPANKADE KESKKONNAHOIDLIKUD FINANTSTOOTED

Tinatin Gogolashvili

Globaalselt süveneva murega keskkonnaprobleemide osas, on roherahastamisest saanud uus oluline vahend kliimamuutustega tegelemiseks. Pariisi kokkuleppe ja ÜRO säästva arengu eesmärkide vastuvõtmine tõi esile rahastamise rolli seoses üleminekuga rohelisele majandusele. Jätkusuutlike eesmärkide saavutamiseks on vaja märkimisväärsed rahalisi vahendeid, mida ei ole võimalik saavutada üksnes avaliku sektori rahastamisega. Erasektor ja eelkõige kommertsbankad saavad seega mängida olulist rolli vajaliku rahastamise tagamisel.

Üks viis, kuidas kommertsbankad saavad üleminekut toetada, on keskkonnanahoidlikud finantstooted. Kuigi rohepanganduse valdkond on suhteliselt uus, on eri riikide rohelist pangandust uuritud mitmete uuringute abil. Eestis on see valdkond siiski veel vähe uuritud, sest siin ei ole roheliste finantstootete pakkumise kohta ühtegi uuringut läbi viidud. Seega oli lõputöö eesmärk kaardistada kommertsbankade rohelised finantstooted Eestis. Lisaks identifitseerimisele süveneti uuringus roheliste toodetega seotud omaduste, eripärade, eeliste, väljakutsete ja tulevikuvõimaluste uurimisse.

Uuringus kasutati sekundaarsete andmete analüüsi ja intervjuude segameetodil põhinevat kvalitatiiivset analüüsi. Kokku uuris autor 14 Eestis tegutseva kommertsbanka aasta- ja jätkusuutlikkuse aruandeid. Lisaks viidi läbi neli intervjuud pankade esindajatega.

Tulemused näitasid, et enamik Eesti pankadest tunnistab keskkonnaküsimustega tegelemise tähtsust ja avalikustab jätkusuutlikkusega seotud teavet. Pankade keskkonnasõbralike pakkumiste hulgas domineerivad keskkonnasõbralikud laenud, kusjuures kõige populaarsemad tooted on energiatõhusate lahenduste ostmiseks mõeldud laenud, keskkonnasõbralik liising ja keskkonnasõbralikud kodulaenud. Lisaks rohelistele toodetele pakuvad pangad ka muid keskkonnasõbralikke tooteid, millel on positiivne mõju keskkonnale, kuid mis ei vasta ELi taksonoomia määruuses sätestatud kriteeriumidele. Nagu selgus, ei paku üheksa Eestis tegutsevatest 14 pangast oma klientidele ühtegi rohelist pangandustoodet, samas kui kuus pank 14-st ei paku ühtegi keskkonnasõbralikku toodet.

Läbiviidud intervjuudest selgus, et roheliste ja keskkonnasõbralike toodete kasutuselevõtu peamised motiivid on positiivne mõju keskkonnale ning pankade rolli ja vastutuse tunnustamine jätkusuutlikkusega seotud küsimuste käsitlemisel. Peamised roheliste pangandustoodetega seotud eelised on nende panus jätkusuutlike eesmärkide saavutamisse ja

positiivne mõju pankade mainele. Roheliste pangandustoodetega seotud peamiseks probleemiks on rohepesu. Mis puutub arengusse ja tulevikuväljavaadetes, siis rohelise panganduse valdkond on roheliste toodete arendamise osas arenenud ja arvatakse, et see areneb ka tulevikus. On tõenäoline, et töötatakse välja uusi rohelisi tooteid.

Uuring andis ülevaate rohelise pangandusturu mitmekesisusest Eestis. Valdkonna edasiseks uurimiseks soovitab autor uurida roheliste ja tavapäraste toodete kasumlikkuse võrdlust. Lisaks oleks kasulik uurida klientide teadlikkust ja eelistusi roheliste toodete suhtes. Viimasena võiks Eesti, Läti ja Leedu roheliste toodete pakkumise võrdlev analüüs anda väärtuslikke teadmisi Balti riikide rohelise pangandusturu kohta.

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