



Received: 2021-02-09
Revised: 2021-04-28
Accepted: 2021-05-17

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Revitalization of Fiqh Al-Bi'ah in the Implementation of Green Banking for Islamic Bank

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Abstract

The banking industry can play a role in a balanced manner between economic growth and environmental protection. This kind of banking is called green banking, a banking system that operates its business based on the principles of sustainable development to carry out environmentally friendly practices and reduce the carbon footprint of banking operations. This study aims to understand the philosophy of green banking and its implementation to revitalize the values of fiqh al-bi'ah. The type of method used in this research is a qualitative method. Meanwhile, in the analysis, researchers used descriptive-analytical methods to systematically analyze and analyze facts that are accurate and accurate. This study found that in green banking practice there is harmony with the principles of environmental fiqh, namely in the management of environmental preservation obligations. With carbon emission policies and financing of environmentally friendly projects, green banking can play a dual role, namely supporting national development and economic growth against mafsadat by protecting the environment from arbitrary exploration and exploitation activities.

Keywords: green banking, fiqh al-bi'ah, environmental protection.

INTRODUCTION

To protect the planet from human-caused damage, many global initiatives have been undertaken to minimize the negative impacts faced by living things due to climate change caused by global warming. Climate change is arguably the most serious challenge facing our planet in the 21st century (Dervis, 2007). Around the world there are ongoing efforts to measure and reduce the risks of climate change caused by human activities. Many countries around the world have made the commitments needed to mitigate climate change.

The theme of climate change is one of the topics that is in the spotlight for countries in the world because of its impact that feels more real in people's lives. The development of environmental problems, in the end, will also affect other fields, especially the world economic situation which is very closely related to the relationship between countries in the world through the trade system.

Sustainable development and environmental preservation are now an essential issue that is recognized globally. The commitment to achieve environmentally sound development became the starting point for the implementation of national development after the 1972 Stockholm conference. The environmental management principles contained in the 1972 Stockholm Declaration were actualized into national legislation (UULH-82) and refined in 1997 (UUPLH-82). 97) based on new developments at the Earth Summit in Rio de Janeiro in 1992. The Rio Declaration highlighting environmental and development aspects reflects the commitment to the principles that support the concept of sustainable development (Haryanto & Olivia, 2014).

The sustainable development paradigm was introduced after holding a meeting in Rio de Janeiro in 1992, highlighting the three pillars of development, namely: economic, social, and environmental. The United Nation Environment Program (UNEP) assesses that there is still a lack of cohesiveness in implementing the three pillars that are implemented both in the UN system and policies made globally, regionally, and nationally. UNEP (2009) considers that development efforts must be based on green economy principles, namely reformulating business and infrastructure patterns that are more pro-nature and human by minimizing the greenhouse effect (Aisyah & Pujiyono, 2016).

For this reason, sustainable development must emphasize the use of natural resources while considering future generations and try to find alternative solutions to environmental problems that arise to ensure equity among all stakeholders. In the past, those who were believed to be responsible for environmental impacts were industrial business actors. Meanwhile, the bank as one of the pillars of the financial industry seems to be free from the burden of this responsibility.

However, since the SDGs were launched by carrying out the principles of the green economy, banks are required to play a proactive role through their financing methods. This means that banks are required to consider whether the activities carried out by their debtors have an impact on environmental destruction or not (Nasution, 2018).

In real terms, the operationalization of the banking industry should also be responsible for fulfilling the principles of environmental conservation. Sustainable economic development must be balanced with nature conservation efforts that have a carrying capacity. Whether we realize it or not, the use of paper and electrical equipment such as air conditioners and refrigerators that cause the evaporation of chlorofluorocarbons (CFCs) in the banking industry has also damaged the stratospheric ozone layer that protects the earth from ultraviolet radiation.

Therefore, considering environmental risk factors, banks must minimize paper use and energy efficiency with the aim of moving towards an environmentally friendly banking industry. Thus, the banking industry is expected to play a greater role as an intermediary between economic development and environmental protection for the purpose of promoting environmentally sustainable and socially responsible investments. This kind of banking is known as "green banking" (S. S. Khan et al., 2017).

While on the other hand, Islamic teachings have previously taught about the ethical relationship between humans and nature so that environmental preservation is an integral part of one's level of faith. Environmental Jurisprudence is here to offer a paradigm that humans and the environment are an integrative unit that needs each other. In the theory of creation, it is explained that humans were created from the earth element, which is proof that humans are an inseparable part of the universe (Al-Qardhawi, 2002, p. 22).

In Islam it is also taught that protecting the environment (*hifdzu al-bi'ah*) means the same as maintaining the existence of upholding religion (*hifdzu ad-din*) and protecting the soul (*hifdzu nafs*). Because the five main principles of Islamic law (*ad-dharuriyyatul khamsah*) will not be realized if the carrying capacity of the environment is not sufficient (Yafie, 2006, p. 224). In this context, it is necessary to interpret the dynamic fiqh al-bi'ah in transforming the spiritual values of green banking to give rise to the application of fiqh al-bi'ah principles as an environmental ethical order in the operation of the banking industry.

This is because the green banking concept has a broader correlation with environmental fiqh because it has features of social responsibility, cleanliness, reduction of waste of resources and upholding environmental ethics (Masukujjaman et al., 2017). Then how does environmental jurisprudence view the practice of green banking? This article will focus more on analyzing green banking from an environmental fiqh perspective.

LITERATURE REVIEW

Green Banking

The word "green" indicates the sustainability of the earth's ecosystem. The term green banking usually refers to the banking industry's efforts to keep the environment green and to reduce the greenhouse effect through justifying strategies, policies, decisions, and activities related to banking

services, business, and operational activities (Y. Khan & Szegedi, 2019). Green Banking can be defined as a banking system that operates its business based on the principles of sustainable development, especially in the areas of credit and financing, namely ecological balance, human welfare, and development. social and cultural community (Haryanto & Olivia, 2014).

Green Banking promotes environmentally friendly practices and reduce the carbon footprint of banking operations. As a financial institution, it prioritizes environmentally sustainable business practices. In summary, Green Banking includes the implementation of banking activities while still paying special attention to the social, ecological, and environmental factors with the aim of conserving nature and natural resources. Green Banking was officially started in 2003 with the aim of protecting the environment. In March 2009, US Congressman Chris Van Hollen introduced the Green Bank Act with the aim of establishing green banks under US government ownership. After introducing Green Banking, the initial policy was to minimize the use of working paper in banking because to make all types of paper it was necessary to cut trees as raw materials (Lalon, 2015).

Green banking is based on four elements of life, namely nature, welfare, economy, and society. Green banking will integrate four elements in business principles that care about ecosystems and the quality of human life which ultimately results in outputs in the form of operational cost efficiency, competitive advantage, corporate identity, and a strong brand image (Pusva & Herlina, 2017).

Bank Indonesia has also issued Bank Indonesia Regulation (PBI) No. 14/15/PBI/2012 concerning Asset Quality Assessment of Commercial Banks. In this policy, Bank Indonesia encourages banks in Indonesia to consider the element of environmental feasibility in evaluating a business. Yadwinder Singh proposes several strategies that should be followed by banks that choose green banking (Singh, 2015):

- a. Use of paperless banks resulting in reduced carbon footprint of internal banking operations and cost savings to the bank.
- b. Adoption of Green Street loans, which means offering low interest rates to consumers and businesses to install solar energy systems and energy-efficient appliances.
- c. Engage with key stakeholders and create awareness about environmental issues and their impact on the economy, environment, and society.
- d. Set SMART green goals (Specific, Measurable, Achievable, Realistic and Timely) as internal targets for reducing carbon footprint along with a schedule.
- e. Conduct energy audits and review equipment purchases and disposal policies.
- f. Monitor progress regularly; Pay attention to industry trends and new developments. Revise green policy as needed.
- g. Banks can focus on green buildings in all their branches to implement environmentally friendly practices.
- h. Banks can support projects ranging from community clean-ups to national initiatives on climate change, water, air, biodiversity and more.
- i. Banks can introduce green funds for customers who want to invest in environmentally friendly projects.

Green banking only shifts the old paradigm of banking which was originally profit-oriented, profit and profit to be formulated 3P, namely planet, people, and profit. The green banking paradigm prioritizes these three factors (triple bottom line development) because this industry does not only pursue profit (profit) but is based on values oriented towards humanity (people) and environmental conservation (planet). In other words, all banking activities that are carried out not only prioritize profit (profit) but must pay more attention to aspects of social needs (people) and must contribute to environmental balance and not damage the environment (planet) (Septina, 2018).

Although theoretically, in terms of banking operations, it is known that Islamic Banking (IB) and Social Bank (SB) adhere to the same 3P principles, namely 3P (profit, planet, people). Then this 3P principle was expanded to add another P principle (prophet) to adapt it to the Islamic concept as well as an ethical guideline for the Islamic Social Bank (ISB) to develop a framework based on the 4P. Later, these 4Ps refer to the quadruple bottom line principles (QBLP) where all the principles

refer to maqashid al-syari'ah. Basically, ISB can be referred to as a sharia bank where its operations accommodate business practices practiced by Social Banks (SB). ISB 4P will run under the framework of quadruple bottom-line principles, namely profit, planet, people, and prophet. This last question reflects all matters relating to the Islamic Shari'ah taught by the Prophet Muhammad (Hamidi & Worthington, 2018).

Then at the implementation level of the green banking system, lending to customers can be done by considering environmental sustainability factors by eliminating the risks of environmental impacts, for example through reducing the carbon footprint of banking practices. Green banking avoids paperwork as much as possible and relies on online/electronic transactions. This can be done in various ways, such as providing an online banking system, paying bills online, or opening an account online (Shakil et al., 2014).

Below are some of the key features of green banking operations (S. S. Khan et al., 2017):

1. Banks promote the environment by adopting new technologies.
2. GB ensures social development and can change negative environmental impacts on society.
3. While providing financing for different projects, banks can consider which investors are low risk to the environment.
4. GB has always prioritized green and sustainable economic growth from industry to social.
5. Green Banking considers customers as family members and guides and supervises them.
6. The above will automatically create a family climate both within the bank itself and the customer community.
7. GB can minimize pollution by applying the scientific method.
8. Save energy and reduce costs that benefit the country in the long run.

Green Banking Adoption Method

Energy Saving Electronic Device

Installation of energy-efficient electronic devices, automatic shutdown of computers, fans, lights, air conditioners, etc. will help reduce electricity consumption. Energy-saving lamps should replace normal lamps in bank branches/offices. Banks should make plans to use solar energy on their premises to save electricity. Banks should take steps to save energy and encourage employees to buy energy efficient cars (which consume less fuel) to reduce gas and oil consumption.

Green Checking Accounts

Customers can check their accounts at ATMs or special touch screens at the bank. This can be referred to as a green account check. Using a green checking account helps the environment by taking advantage of more online banking services including online bill payments, debit cards and online reports (Garg, 2015).

Green Marketing

The bank must start introducing green marketing, namely the marketing of banking products that are considered safe for the environment. In short, green marketing combines various activities, including modifying products, changing production processes, changing packaging for banking products, and modifying advertisements. It refers to the process of selling products and/or services based on environmental benefits. Banks need to formulate strategies with specific policy designs for various environmentally sensitive sectors such as those packaged in an environmentally friendly manner. Green marketing also brings awareness among the masses about the importance of preserving the market. Green marketing is expected to help develop awareness among ordinary people.

Green Investment

Green investment is a broad term related to socially responsible, sustainable, and long-term investment. This is an investment with a focus on climate change and resource conservation.

Mobile Banking

Banks must provide Mobile Banking services, a banking service process that provides financial services to unbanked communities efficiently and at affordable costs. On the one hand, this service can check balances, transfer funds, or pay bills from a mobile phone. On the other hand, it saves customers time and energy. It also helps in reducing energy and paper usage.

Green Loans

Banks should try to minimize lending for projects that damage the environment. In addition, efforts are needed to develop employee awareness and training on environmental and social risks, as well as relevant environmental issues, which must be an ongoing process as part of the development of environmentally conscious human resources.

Energy Saving Mode

Banks can also contribute to climate change by installing energy savers in all branches, offices, and residential areas to promote green banking. Banks can also install solar ATMs for Green banking projects for environmental conservation and energy conservation.

Sun and Wind Energy Usage

Using solar and wind energy promotes green banking and has a direct effect on the environment.

Green Transportation

Green Banking needs to follow a green transportation strategy for its employees which has minimal impact on the environment. Green banking can promote green transportation policies for the management of business trips for its employees with the aim of improving their environmental performance and conserving resources. This can be achieved by providing mass transportation services to its employees to avoid the use of private cars. The bank can also provide employee hybrid vehicles that can reduce 600 to 700 tons of carbon dioxide emissions every year.

Green Banking is included in promoting corporate social responsibility (CSR). CSR mainly focuses on environmental and community protection, where banks are responsible for analyzing and investigating projects before funding whether they are environmentally friendly or not and have a worse impact on the environment in the future. Companies will be considered for loans in such cases when all environmental safety standards are followed.

It starts with the aim of protecting the environmental ecosystem which the bank considers before deciding to fund a project whether it is environmentally friendly and has implications for the future. Companies will be granted loans only if all environmental safety standards are followed.

One of the countries that have implemented the concept of green banking is the Netherlands. Triodos Bank in the Netherlands is one example of a bank in Europe that has implemented Green Banking. By offering lower interest rates to investors, Dutch banks can also provide lower fees for green loans for green projects. This can be seen from the active participation of the Dutch Government by providing several funds (around USD 200 million - USD 300 million) to invest in environmentally friendly projects.

India's major banks have taken up the challenge of being socially responsible by providing linked allocations to Self-Help Groups to provide loans to underprivileged sectors of the economy for a sustainable future. These Indian banks have started to adopt financing schemes for environmentally friendly projects. Domestic banks in India, such as the State Bank of India, Punjab National Bank, Bank IDBI and Bank ICICI began to provide loans for renewable energy projects, and foreign banks in India, such as Standard Chartered and ABN Amro also focused on financing renewable energy (Meena, 2013).

Meanwhile in Indonesia, this concept is still considered a discourse, it has not been operationalized in a sustainable manner. One of the banks in Indonesia that is trying to apply the concept of Green Banking is BNI. In 2005, BNI participated in the signing of the UNEPFI Statements to encourage the role of banking in sustainable development. Since 2010, BNI has carried out reforms to achieve sustainable financial growth with a customer centric approach. BNI has also begun to focus its operations towards the three pillars of sustainable development (profit, people, planet). However,

the green practice implemented by BNI remains part of its corporate social responsibility (CSR) and not its business model.

However, at the implementation level, several challenges and barriers to green banking were found, including (Shayana et al., 2017):

1. With a limited number of subscribers, GB will have a smaller customer support base.
2. Higher operating costs. GB requires talented and experienced staff to provide proper service to customers. Experienced loan officers are needed with additional experience dealing with customers and environmentally friendly businesses.
3. Reputational risk. If banks are involved in projects that damage the environment, they are vulnerable to losing their reputation.
4. Credit risk. Credit limitation risk arises because of lending to customers whose business is affected by pollution costs, changes in environmental regulations and new requirements on emission levels. This is higher due to the possibility of customer default because of the unaccounted cost of capital investment in production facilities.
5. Data protection is another challenge for green banking implementation.
6. Green banking requires technology that will be very expensive.
7. Renewable techniques and expensive recycling are required.
8. Bank employees need training for all these practices.

The daily operations of green banking have a significant and positive effect on bank profitability (Angraini et al., 2020). Banks that implement green banking at the operational level will take more advantage of technological advances so that banking activities that were previously based on paper turn into paperless. The presence of green banking is expected to be able to shift the paradigm of the banking industry from carrying a greedy economy to being a pioneer in the green economy.

Fiqh al-Bi'ah

Human activities in fulfilling their needs and desires without considering the capacity and carrying capacity of the environment have caused environmental damage. Over the last decade, there has been a growing awareness of widespread environmental degradation and a thorny problem facing the world today is climate change. There are ongoing efforts around the world to measure and reduce the risks of climate change caused by human activities.

While on the other hand, the mindset of most Muslims is still held hostage to the interpretation that fiqh only deals with the issue of human relations with the Creator (theocentricity), or ethical norms that regulate relations between humans (anthropocentrism). As a result, Islamic law regulations that are epically related to environmental issues have been neglected. Whereas the main topics of fiqh include materials on *thaharah*, *ihya al-mawat* (land clearing procedures), *al-musaqat* and *al-muzara'ah* (use of land belonging to others), laws related to water ownership, prove that this study has a high concern for environmental issues (Al-Qardhawi, 2001, p. 39).

The fiqh treasures should be the main pillar in building environmental awareness among Muslims. Thus, a dialectical relationship is created between the verses of *kauniyah* and *qauliyah* (QS al-Baqarah: 11, QS al-Baqarah: 12, QS al-A'raf: 56, QS ar-Rum: 41) as an inseparable unit. As a result, environmental pollution activities can be seen as the destruction of the *Kauniyah* verses as well as harassment of the *qauliyah* verses of Allah SWT.

In the past, the concept of *hifz al-bi'ah* was not a priority, it was not even included in the main principles of Islam, because jurists understood that it was included in the concept of property maintenance (*hifz al-mal*) (Al-Raisuni, 1992, p. 141). Of course, this can be understood because the ecological reality of that time was not as acute as the current environmental conditions.

But over time development that only prioritizes growth figures often carries the risk of large environmental impacts. Until the preservation of the environment and the preservation of the ecosystem are at stake. Whereas destructive activities and reckless exploration of the environment are the same as tarnishing the sanctity of religion and underestimating the objectives of the *Shari'a* (Mufid, 2019).

Fiqh bi'ah is present as an effort of Islamic law in fulfilling the ethical and moral function that the earth is a mandate from Allah SWT, which is distributed in the form of norms in the form of prohibiting exploitation and environmental destruction. Humanity's responsibility as the manager of the universe is to not commit ecological sins.

Environmental fiqh (fiqh al-bi'ah) itself, etymologically, consists of two words composed of idafah bayaniyyah (an arrangement that functions as an explanatory). That is, the word bi'ah (environment) is the purpose of the study of fiqh itself. Until fiqh al-bi'ah can be interpreted as a set of norms that regulate human behavior as khalifatullah fil ardh and their interaction with nature (macrocosm) for the benefit of the universe taken from detailed arguments.

The epistemological construction of fiqh al bi'ah is based on the fact that the response of the macrocosm (*al-'alam al-kabir*) is often linear and proportional to the behavior of the microcosm (*al-'alam al-shaghir*) (Umar, 2014, p. 275). If there is damage to one of the variables, the others will also be disturbed. This is because Allah SWT created everything with the law of balance. For this reason, the harmony of nature must be maintained, so that the task of humans as caliphs on this earth is not disturbed.

In terms of fiqh, environmental preservation is a collective obligation (*fardlu kifayah*). This means that all parties, both individuals and groups, are also responsible for environmental conservation, and must be involved in handling environmental damage. For this reason, the implementation of the law is obliged to protect the environment and it is forbidden to damage natural ecosystems, apart from being based on the Qur'an and Sunnah, it can also be supported through the legal *istinbath* method, namely *maslahah mursalah* and *sadd dzari'ah* (Hartini, 2013).

RESEARCH METHOD

This study uses a qualitative approach. Sources of data used are primary data sources and secondary data. The primary data used in this study were obtained from interviews with fiqh experts and Islamic finance practitioners. Secondary data in this study, it was obtained from data obtained from books, journal articles or books related to green banking and *fiqh al-bi'ah* (Suharsimi Arikunto, 1992, p. 188). This research is qualitative based research using analytical descriptive analysis with *ushuliyah* approach. The data collection method used in this study is the literature method, in analyzing the data that has been collected, the researcher uses descriptive-analytical analysis with the *ushuliyah* approach, meaning that it describes or describes the results of observations (observations or symptoms, and actual conditions) by aligning the concept green banking in the study of revitalizing the values of *fiqh al-bi'ah*.

RESULT AND DISCUSSION

The adoption of the green banking method not only brings environmental benefits, but also benefits the banking system itself in terms of decreasing the manual banking system, vulnerability to fraud (Handajani, 2019), and operational efficiency as GB strives to control and reduce energy use, paperless and other measures. The implementation of the green banking strategy will produce one of the outputs in the form of a brand image. This is because GB is primarily focused on two sustainable approaches. First, it emphasizes the green revolution of the bank's internal operations, which means that all bank activities must adopt the right way of consuming renewable energy, digitization, and other measures to minimize carbon emissions from the banking sector. Second, all bank activities must adopt financing in an environmentally friendly manner.

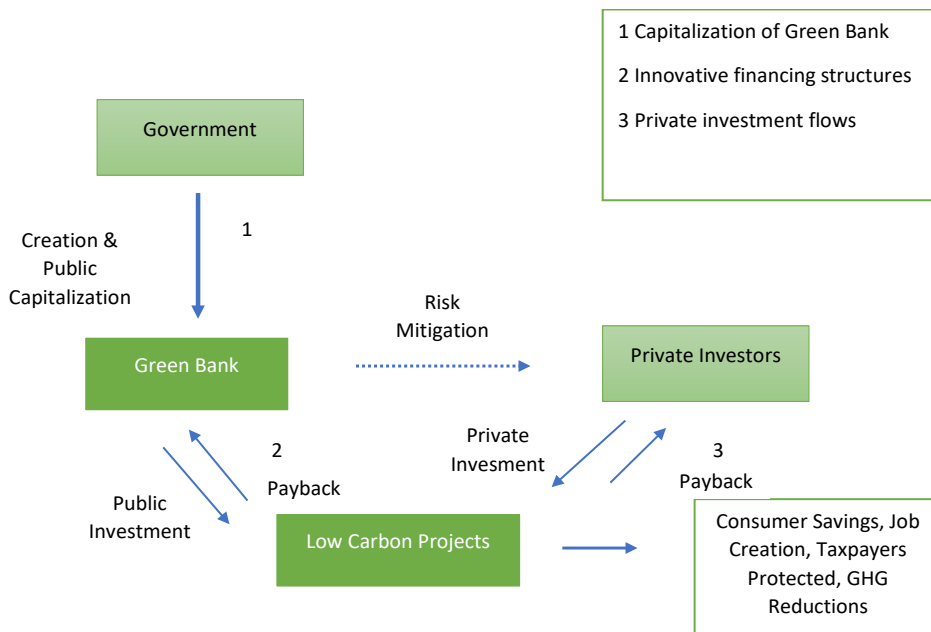


Figure 1. Advantages of Green Banking

In the perspective of environmental fiqh, the operation of green banking can be categorized as an effort by the banking industry to mitigate the risk of environmental damage caused by human activities. The Qur'an explicitly states that all damage on the earth's surface is the result of human actions how to interact with the environment (Surah Ar-Rum: 41). In other words, it is humans who must be responsible for protecting the environment (*hifdzul bi'ah*).

As the caliph of Allah on earth, humans are required to maintain nature as the purpose of its creation, namely, to maintain its sustainability to sustain the survival of mankind. That is, the task of the caliphate must not interfere with the harmony of existential relations between humans and the universe. It is proven that since creation, Allah SWT does not want humans to exploit the environment arbitrarily without taking into account its carrying capacity for the benefit of future generations (Q.S. al-A'raf: 56).

It is the mindset of superiority that has been pushing humans to act hegemonic to subdue nature (*taskhir*). In fact, through the mindset of superiority, it should demand more responsibility to protect the existence of this nature. It is realized that this paradigm also emerged because of misinterpretation of the texts of the Qur'an and Sunnah. Therefore, a paradigm shift is needed that the relationship between humans and nature is not a relationship that exists between the conqueror and the conquered or between the subject and the object, but the relationship of equality in submission as a creature of Allah SWT.

According to Nasr, the current environmental crisis is the result of a spiritual crisis afflicted by modern humans. As a result, humans have the view that they have the right to use or exploit all the carrying capacity of nature without limits as part of the anthropocentric-humanism paradigm (Nasr, 1997, p. 14). This problem is also supported by the entry of the understanding of capitalism, materialism and pragmatism which makes the situation worse (Zuhdi, 2015). Coupled with the existence of a theocentric paradigm, which understands that all-natural disasters, such as floods, landslides, tsunamis, are solely God's destiny. They do not consider that the disaster is the result of a spiritual crisis and the lack of ecological awareness of the community in internalizing the laws of nature.

So far, banking activities have never been considered a polluting industry. In fact, nowadays, banking operations have increased their carbon footprint due to their massive energy use e.g., lighting, air conditioning, electronics/electrical equipment, IT, etc., high paper wastage (Meena, 2013).

If it is allowed to continue, it is certainly dangerous for the sustainability of the environmental ecosystem. The real impact is environmental crises such as the increase in the earth's temperature due to climate change, greenhouse gas emissions and deforestation due to the use of paper. This is because the banking sector is allegedly one of the main sources of financing for industrial projects such as steel, paper, cement, chemicals, fertilizers, electricity, textiles, and others that cause maximum carbon emissions.

Whereas Allah SWT explicitly reminds humans not to do mafsadat in all their activities to protect the environmental ecosystem (Q.S. Al-A'raf: 56). In addition, in other verses, in Q.S. Al-Isra' (17/50): 44; Q.S. Al-An'am (6/55): 38; and Q.S. Al-Ra'd (13/96): 13 emphasizes that all human actions must consider the benefit of the environment. That is, the Qur'an has provided ethical guidelines for humans to always maintain the balance of the cosmos while teaching an appreciative relationship to the environment. All human ecological behavior that is preventing the occurrence of natural damage and supporting environmental conservation is an integral part of a person's level of faith. The stronger the level of faith, the higher the environmental awareness, and vice versa.

Ecological awareness of this faith is very important because the main source of environmental problems is the cosmological paradigm that fosters an attitude of exploitation towards nature. Even though it is commonly known that optimal environmental resources will support the sustainability of human life. If one element is disturbed, it will affect the balance of the ecosystem. Allah SWT has also reminded that the earth and everything in it was created naturally for the benefit of mankind (Q.S. Al-Baqarah: 29). Therefore, in all their activities, humans must always consider environmental sustainability as a place to live.

On the other hand, the use of paper in the conventional banking system is believed to contribute to the danger of deforestation and environmental damage. Considering the environmental risks, banks should minimize the use of paper if they do not introduce the use of environmentally friendly documents. This is because the relationship between humans and nature is an integrative relationship (Ibrahim et al., 2017). That is, preserving the environment means maintaining the continuity of the regeneration of mankind itself. Even Thahir Ibn Asyur stated that doing damage to one part of the environment is tantamount to destroying the ecosystem of the universe (Asyur, 1984, p. 174).

To that end, Islamic banking can play an intermediary role between economic development and environmental protection, to encourage environmentally sound and socially responsible investment, known as green banking. Green banking is a form of banking by considering social and environmental impacts and the main motive is to protect and preserve the environment (Afroz, 2017). Green banking refers to banking business that is conducted in such a way as to help reduce overall carbon emissions (Shayana et al., 2017). In simple terms, GB is a bank that emphasizes on operating environmentally friendly banking and reducing carbon emissions. To help reduce carbon emissions, banks must finance green technology and pollution reduction projects.

In general, it can be said that the action of reducing carbon emissions for environmental improvement (*islah al-bi'ah*) promoted by green banking is a moral obligation for the banking industry. This is because nature is one proof of the existence of God (verse kauniyah). In other words, Allah SWT speaks to humans through nature (Haq, 2001). For this reason, it is imperative for the banking sector to play an active role in maintaining ecological resources as an impulse and a means of worshiping Allah SWT. Rasulullah PBUH also forbid actions that cause environmental damage: *"Be afraid of you three cursed places; defecate in drains, tree shade (which is usually used for shelter) and public roads"* (Ibnu Majah, No. 328). Rasulullah SAW also said regarding environmental conservation as follows: *"It is not a Muslim to plant a tree or cultivate crops, and then the birds or humans or animals eat except for him (reward) charity because of that"* (Bukhari No. 2152 and Muslim No. 2904).

The idea of green banking can be considered compatible and has a close relationship with environmental fiqh because it supports resource saving, cleanliness, ethics, and social responsibility. This is because the purpose of the practice of green banking is nothing but to bring benefits on both sides at once, both economically and environmentally. Green Banking includes promoting corporate social responsibility (CSR) programs (Shakil et al., 2014). This effort begins when the bank assesses, before funding a project, whether the project is environmentally friendly and has implications for the future or not. Companies will be granted loans only if all environmental safety

standards are followed. From this the development of green banking principles is in line with the objectives of environmental fiqh, namely environmental conservation.

A conventional bank can turn into a GB by directing its core operations towards environmental improvement. This is because the goal behind green banking is to reduce carbon emissions and pollution. In simple terms, according to the researcher, green banking can be interpreted as the implementation of the operationalization of the banking system that is oriented to the principles of sustainable development and is based on concern for the environment.

The level of implementation of green banking is in line with the focus of environmental fiqh which positions humanity as a unit with the natural ecosystem as part of the universe. There are at least four motivations for the development of environmental fiqh, first, the ecological crisis that occurred in various parts of the world. Environmental damage due to exploitation requires theological-normative support from Islamic teachings. Second, Muslims need a methodological and theological framework to support environmental conservation. Third, the ontological and epistemological roots of environmental fiqh are still a matter of debate, which of course still need a complete explanation. Fourth, environmental fiqh must be internalized in the curricula of educational units so that they can be implemented in real terms (Mudzhar, 2010).

Through the green banking concept, it also proves that the banking sector can play a dual role, between economic development and environmental protection by promoting sustainable environmental resilience and responsible social investment. Green banking seeks to take proactive actions to protect the environment and address the challenges of climate change with the efficient use of renewable, non-renewable, human, and natural resources. From here it is hoped that self-awareness arises that maintaining the universe (*hifdz al-bi'ah*) is an integral part of the level of quality of one's faith. The higher the quality of a person's faith means he is more concerned with environmental issues, and vice versa. Because the environment is a means of worship held by God to mankind as an instrument of *tadabbur*.

Nature is provided by Allah SWT as a support for all human worship activities. Green banking efforts in restraining the rate of environmental damage are the same as maintaining the sustainability of worship that is mandatory. This is in accordance with the fiqh rules, including:

ما لا يتم الواجب الا به فهو واجب

"Something that can complete an obligation will also become mandatory".

للسائل حكم المقاصد

"Means have legal status commensurate with purpose".

Therefore, green banking efforts as a form of environmental concern for the common good are very urgent. One form of ethical behavior offered by green banking is not solely focused on achieving profit (profit oriented) but also paying attention to environmental factors. By considering the environmental impact in GB policy making, it is expected to reduce the negative impact of the operational activities of financial institutions as a form of corporate social responsibility (Handajani et al., 2019).

The act of reducing the rate of environmental damage in the operation of green banking is a concrete form of disaster mitigation efforts that are in line with *maqashid shari'ah* (objectives of Islamic law). Environmental conservation efforts are the main prerequisite in order to protect the mind, soul, property, descendants and property. At least through the act of preserving the environment means maintaining the existence of religion itself. Meanwhile, banking activities that follow a low carbon policy can be interpreted as helping to maintain the soul and function of the mind. Meanwhile, the principle of resource efficiency is in line with the elements of maintaining property and descendants (Muhtadi et al., 2019).

The five basic elements will not function optimally if the ecosystem does not have an optimum environmental carrying capacity. Until all behavior that leads to environmental destruction means that it will threaten the existence of *ad-dharuriyyatul khamsah* (Al-Qardhawi, 2001). Furthermore, Abdul Qadir Audah in at-Tasyri 'al-Jina'i suggested that perpetrators of environmental destruction should be given the following sanctions:

“Perpetrators of logging and forest theft must be adjusted to the punishment for theft, namely cutting off their hands. Perpetrators of river pollution that cause damage to nature and cause disease to the community can be punished according to prison sentences. Perpetrators of forest fires that result in the loss of other people’s lives, can get the death penalty. Punishment must be carried out fairly and must not be blunt up and sharp down. All people are considered equal in the eyes of the law.” (Audah, 2008, p. 384)

In addition, the act of destroying the environment will result in harm to others which is contrary to the rule of “no harm to oneself and others”. This means that all attempts to destroy and exploit nature are actions that castrate the basic principles of Islamic law (*maqashid shari’ah*) and harm the public interest (*maslahah ‘ammah*).

The green banking financing scheme for environmentally sound projects can provide its own advantages as one of the business strategies implemented by banks. This is because the generic pattern of green banking is carried out to strengthen the ability of bank risk management, especially efforts to encourage the banking sector to increase the portfolio of environmentally friendly project financing. In fact, this is part of the banking industry’s efforts to fulfill its obligation to be proactive in protecting the environment. Even according to Al-Qardhawi, protecting the environment is an individual obligation that results in sin if left behind and gets a reward if implemented (Al-Qardhawi, 2002). Thus, the problem of maintaining the environment (*hifdzul bi’ah*) is not included in the *furu’iyyah* issue, but more than that, at the *dharuriyyat* level (Yusuf, 2019).

In al-Najjar’s perspective there are four *maqashid* points that can be included in the concept of *hifdzul bi’ah*, namely first, *hifz al-bi’ah min al-itlaf* (maintaining the environment from damage), second, *hifdz al-bi’ah min al-talawwus* (preserving the environment from pollution), third, *hifdz al-bi’ah min farḡ al-istihlak* (preserving the environment from wasting natural resources), fourth, *hifdz al-bi’ah bit-tanmiyah* (preserving the environment through sustainable environmental management) (Al-Najjar, 2008, p. 233). These four important things are realized as the embodiment of duties as caliphs on earth.

Therefore, mankind must change the profit-and-loss paradigm in managing the cosmos to a logic of benefit-mafsadat. Natural resources should not only be exploited to the exclusion of the sustainability factor of their potential for future generations. Humans are allowed to utilize the potential of the environment fairly and not exceed the limit. The practice of green banking is also not contrary to the rules of *fiqh al-aṣlu fi al-ashyā al-ibaḥah* (basically everything is allowed) (Abd al-Latif, 2003, p. 141). For this reason, in its operations, green banking must avoid the behavior of usury and *maysir* so that it can bring mutual benefit.

Thus, as an effort to revitalize the values of *fiqh bi’ah*, the Islamic banking industry is obliged to gradually shift to practicing green banking to support the carrying capacity of the environment for the common good (*maslahah ‘ammah*). In the perspective of *sadd dzari’ah* and *maslahah mursalah*, Islamic banking does not only play a role in supporting economic development, but also must be responsible and actively participate in environmental conservation. In addition, through the appropriate application of green banking, it also saves the operational costs of Islamic bank.

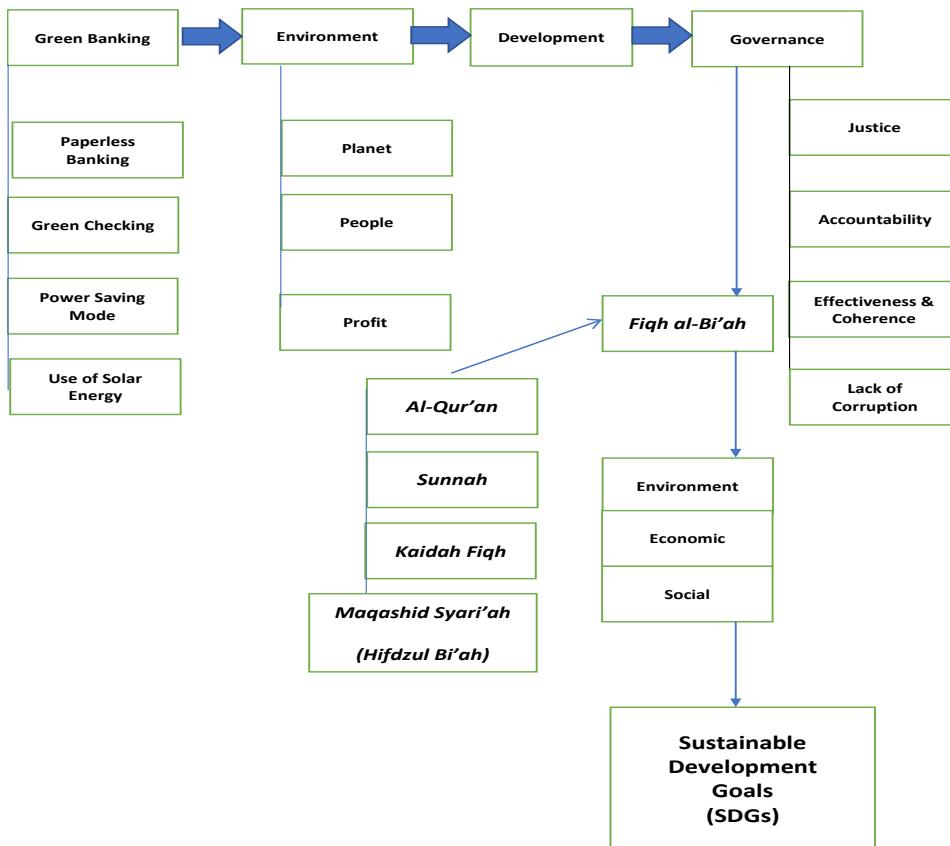


Figure 2. Green Banking Theory Framework in Fiqh Bi'ah

CONCLUSION

The economic and environmental dimensions are considered as two sides of a coin that are diametrically opposite in many ways, especially in addressing sustainable development goals. The impact of the SDGs is the emergence of the concept of a green economy that is concerned with the welfare of mankind by considering the carrying capacity of the environment through the application of green banking at the operational level. To protect the environment from climate change and other disasters, the central bank needs to bring policies to adopt green banking. It aims to make banking processes and use of IT and physical infrastructure as effective and efficient as possible, with minimal impact on the environment. These policies and guidelines provide a roadmap for all banks to ensure a friendly banking environment with ecosystem carrying capacity. Green banking practices can include environmentally friendly electrical device systems, the adoption of solar-powered ATMs and branch digitization to reduce paper usage. The results of the study indicate that the operation of green banking based on low carbon is in line with the principles of environmental fiqh. In addition, green banking has a broader correlation with environmental fiqh because it has the features of social responsibility, cleanliness, reducing waste of resources and upholding environmental ethics. The basic value of environmental fiqh is related to the task of humans as caliphs, namely that humans must be responsible for environmental damage. This is because environmental degradation will have an impact on the stagnation of socio-economic activities which ultimately reduces the quality of life of the community. Thus, Islamic banking is obliged to apply the principles of green banking for the resilience of economic and environmental development. The practice of green banking also supports the values of maintaining the objectives of Islamic law (maqashid shari'ah). The five basic principles of Islamic law, in the form of protecting the soul, religion, mind, property and offspring will be realized if the universe supports it.

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