

GREEN PRODUCTS AND PRACTICES WITHIN SUSTAINABLE BANKING IN THE EUROPEAN UNION AND THE REPUBLIC OF SERBIA

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Abstract: *Contemporary concepts of sustainable banking increasingly rest on the assumption that banks' responsibility towards society and the environment cannot be achieved through isolated initiatives, but through the integration of sustainability into core business models. Green products and practices represent one of the key mechanisms through which sustainability is embedded in banking operations and strategic capital allocation decisions. The analytical approach in this paper is aimed at examining the role of green products and practices in*

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the function of sustainable banking, with particular reference to the technological, organizational, and social dimensions of banking operations in the European Union and the Republic of Serbia. The analysis is based on a qualitative review of relevant academic and professional literature, along with a synthesis of contemporary banking practices. Special emphasis is placed on process digitalization, the development of green financial products, and the role of sustainability criteria in shaping credit policies and banks' social responsibility. The analysis indicates that green products and practices represent important drivers of the transformation of traditional banking models, while simultaneously contributing to operational efficiency and the long-term stability of the financial system.

Keywords: *sustainable banking, green products and practices, sustainable finance, banking sector, corporate social responsibility, European Union, Republic of Serbia.*

INTRODUCTION

Under conditions of increasing environmental and social challenges, the financial sector faces growing pressure to reconsider the alignment of its business models with the principles of sustainable development. Climate change further intensifies the role of finance in supporting sustainability, as recent studies demonstrate that appropriately directed climate finance flows can generate tangible development outcomes, thereby reinforcing the role of financial institutions in the pursuit of long-term environmental and social objectives (Fang, Lee, & Li, 2025). As central intermediaries in capital allocation, banks possess a significant capacity to steer financial flows towards activities that foster environmental sustainability and social development. Evidence points to a close relationship between the development of the financial sector and the capacity of environmental, social and governance (ESG) practices to shape financial decision-making, indicating that sustainable banking extends beyond regulatory compliance and increasingly reflects strategic priorities (Subhani, Shen, & Khan, 2025).

The concept of green banking refers to the systematic integration of environmental and social criteria into banking products, operational processes and strategic decision-making. Green products and practices encompass a broad range of activities, including the digitalisation of banking operations, more efficient resource use, and the development of

financial instruments aimed at supporting energy efficiency, renewable energy sources and sustainable agricultural practices. This development trajectory has been further reinforced by the strategic framework of the European Union, within which sustainable finance is recognised as a key instrument for directing capital towards environmentally and socially responsible activities (European Commission, 2018). Differences in practice indicate that green products and practices are connected with broader changes in banking business models.

The issue examined in this paper concerns the limited understanding of the determinants shaping their adoption, with sustainable banking approached as the outcome of interconnected processes and strategic choices rather than a set of isolated activities. This paper examines the role of green products and practices in sustainable banking by focusing on their technological, organisational and social dimensions and their relevance for changes in banking business models and long-term financial stability.

SUSTAINABLE BANKING IN THE CONTEMPORARY FINANCIAL SYSTEM

Sustainable banking has developed in response to a gradual shift in how banks conceptualise their objectives, responsibilities and role within the financial system. Traditional banking practice has long been shaped by an emphasis on short-term financial performance. Sustainable banking departs from this orientation by adopting a broader decision-making perspective that integrates long-term stability, risk governance and social responsibility into everyday banking operations. Within this framework, sustainability is not treated as an auxiliary policy objective but becomes embedded in the fundamental logic through which banking activities are organised and evaluated. Sustainability considerations are becoming embedded within financial decision-making frameworks, influencing how organisations assess risk, formulate strategy and manage stakeholder relationships (dos Reis Cardillo & Cruz Basso, 2025).

Certain regulatory acts and policy documents adopted within the European Union include provisions addressing environmental and social issues in banking. Rather than occurring simultaneously, these changes were implemented over time through adjustments in supervisory expectations, reporting requirements and risk assessment procedures. In the Republic of Serbia, regulatory developments broadly reflect the same logic, but have advanced more gradually and largely in response to

alignment with European requirements. Across both contexts, sustainability considerations increasingly affect internal banking processes related to risk assessment and long-term business planning (Vapa Tankosić, Lekić, Mirjanić, Lekić, & Vapa, 2025).

Sustainable banking is increasingly discussed as a relevant direction of financial sector development, yet banks translate these ideas into practice in markedly different ways. The role of sustainability differs considerably among banking systems in terms of its integration into routine banking operations. Empirical evidence discussed by Sharma, Gupta, Malhotra, and Upreti (2024) indicates that these differences are closely associated with variations in regulatory expectations and the ability of institutions to translate such expectations into operational practice. Such variation suggests that sustainable banking cannot be understood as a single, standardised model, but rather as a set of practices shaped by contextual constraints and organisational choices.

Sustainability becomes visible through specific organisational practices and operational arrangements that shape routine banking activities rather than through abstract commitments alone. These arrangements reflect regulatory frameworks and institutional capacities, which vary across banking systems. Banking activities related to sustainability in the European Union and the Republic of Serbia are carried out within established regulatory and institutional arrangements. Banks are embedded within these arrangements as part of their institutional environment. Sustainability-related measures are applied in accordance with these frameworks, without uniformity across different banking systems.

GREEN PRODUCTS AND PRACTICES IN THE BANKING SECTOR

Within banking systems, sustainability is addressed through specific financial products and operational arrangements that are applied in practice. Green products and related practices represent one of the main channels through which sustainability considerations enter routine banking activities. These instruments are applied within existing arrangements related to financial services and internal operations. The application of green products and practices differs across banking systems. Such instruments are implemented within frameworks shaped by regulatory and institutional arrangements. Sustainability-related banking activities are present in both the European Union and the

Republic of Serbia. In banking activities, green products and practices function as practical expressions of sustainability-related objectives. At the organisational level, such practices relate to process efficiency and environmental impact management, while externally they are reflected in financing activities linked to sustainable economic initiatives. In this respect, banks operate within financial arrangements that increasingly intersect with long-term economic, social and environmental considerations.

Green products and practices are present both in organisational arrangements and in the design of financial activities within banks. In banking, green products and practices are not limited to a single area of activity. One such dimension concerns technology and refers to the adoption of digital solutions alongside efforts to improve resource efficiency within banking processes. Management routines influence the treatment of sustainability in banking decisions. A further dimension addresses social aspects, including banking activities oriented towards social responsibility, support for sustainability-related projects and interaction with the broader community. Considered jointly, these dimensions offer a structured perspective on the role of green products and practices in contemporary banking operations.

The technological dimension of green products and practices refers to the integration of digital tools, automated procedures and data-driven systems into everyday banking operations, through which banks enhance resource efficiency, improve internal process control and gain more detailed insight into financial flows. Digital banking platforms, electronic client interfaces and automated reporting systems illustrate broader changes associated with digital transformation in the banking sector, influencing the design and delivery of financial services as well as established patterns of value creation (Mancuso, Messeni Petruzzelli, Panniello, & Vaia, 2025; Gaviyau & Godi, 2025). Digital solutions extend beyond operational efficiency by enabling more precise monitoring of business performance in relation to sustainability objectives and environmental and governance considerations (Muchiri, Erdei-Gally, & Fekete-Farkas, 2025). The degree of integration of these tools into green banking practices differs across financial systems and reflects variations in regulatory and institutional conditions, including those observed in the European Union and the Republic of Serbia (Peng et al., 2023). Importantly, technological arrangements do not function as autonomous drivers of sustainability outcomes, but acquire relevance only when aligned with governance structures, risk evaluation routines and strategic

decision-making processes. Environmental effects of technological progress arise from the alignment of digital capabilities with institutional frameworks and organisational value systems, rather than from technology adoption in isolation (Fernández Fernández, 2025). In this sense, the technological dimension operates as an enabling layer for sustainable banking by supporting integrated approaches to resource use, risk handling and long-term financial stability.

The organisational dimension of green products and practices concerns the ways in which sustainability considerations are embedded within banks' governance structures, internal policies and decision-making routines, shaping how green initiatives are translated into everyday banking activities. At this level, the integration of sustainability into formal systems of strategic prioritisation, credit assessment and risk management replaces its treatment as an externally imposed or isolated initiative. The incorporation of environmental and social criteria into internal policies alters the normative basis of banking operations by extending evaluation frameworks beyond exclusively financial metrics, thereby influencing project selection, client-related practices and long-term planning (Saxena, Dhall, & Malik, 2021). These organisational adjustments are operationalised through procedural arrangements and workflows that embed sustainability into creditworthiness assessment, product approval and the monitoring of financed activities, placing environmental and social factors within a broader risk perspective rather than treating them as stand-alone ESG indicators (Schulte, Bäckman, Giunta, & Salirwe, 2025). Sustainability policies materialise in practice through routine operational actions and professional judgement, which underscores the role of organisational structures and human agency in their implementation. In this context, attention to employee competencies and continuous professional development supports organisational adaptability and innovation, including the consistent application of sustainability-oriented business models (Lekić, Vapa Tankosić, Bejatović, & Redžepagić, 2025). The embedding of strategic sustainability commitments into operational practice occurs through organisational arrangements shaped by governance mechanisms, managerial practices and internally shared norms.

The social dimension of green products and practices relates to the ways in which banking activities intersect with broader societal objectives, including social inclusion, quality of life and more balanced patterns of economic development. Adopting this perspective positions green banking as oriented towards societal outcomes, moving beyond internal

organisational capacities and regulatory requirements. Climate-related and sustainable finance is therefore increasingly understood not only as a mechanism for mitigating environmental risks, but also as a channel through which financial resources are directed towards sectors of wider social relevance, such as energy infrastructure, water supply and the primary sector (Fang et al., 2025). Indicator frameworks further support the incorporation of social considerations into sustainability assessment by linking banking performance with public policy goals and societal expectations, thereby strengthening transparency and accountability within the financial system (Martin, 2025). Empirical research highlights that the social effects of green banking depend on the maturity of financial institutions and their capacity to translate sustainability objectives into accessible and effective financing mechanisms, particularly in relation to essential services and community resilience (Donou-Adonsou, Basnet, & Mathey, 2025). At the same time, systematic reviews show that social outcomes, including reduced inequalities and higher public trust, tend to arise where social objectives are embedded within core banking strategies rather than treated as symbolic or peripheral initiatives (Muchiri et al., 2025). Social legitimacy further shapes the reception of green financial products, as clarity of objectives, stakeholder engagement and visible social benefits influence acceptance among users and employees, reinforcing the role of social responsibility in sustainable banking practices (Setyorini & Hakam, 2025). In this sense, the social dimension operates as a constitutive element of sustainable banking by situating financial decision-making within a wider societal framework and linking capital allocation to inclusive and development-oriented outcomes.

GREEN PRODUCTS AND PRACTICES AS DETERMINANTS OF SUSTAINABLE BANKING

Green products and practices influence long-term organisational patterns in banking and shape approaches to financial system stability through their impact on business model configuration, financing priorities and risk–return assessment, thereby embedding sustainability within core banking functions. Their role as determinants of sustainable banking is most evident in financial systems where sustainability objectives are institutionally and regulatorily supported, as integration in such contexts is associated with observable adjustments in business models, risk management frameworks and transparency practices. In contrast, in environments characterised by ongoing regulatory and institutional

alignment, the adoption of green products and practices tends to proceed more gradually, with notable variation in scope, depth and consistency of implementation. These differences become particularly apparent when comparing financial systems within the European Union with those of countries undergoing regulatory and institutional convergence, including the Republic of Serbia. Viewed as instruments of strategic sustainability integration, green products and practices extend beyond operational considerations and acquire relevance for long-term financial stability, as well as for the broader developmental positioning of the banking sector.

Green Products and Practices as Drivers of Transformation in Banking Business Models

In contemporary banking, green products and practices increasingly operate within strategic frameworks that extend beyond compliance, reputational considerations and short-term stakeholder expectations. Banks' economic positioning, business model configuration and capital allocation decisions are progressively shaped by the integration of green financial products, which influence the assessment of risk and return and broaden the set of economic, environmental and social considerations incorporated into financial decision-making. Such integration ensures that sustainability informs banking strategy instead of being treated as an external or supplementary consideration. Critiques of the modern financial system emphasise that the central challenge does not lie in the absence of information on the environmental and social consequences of financial activity, but in the limited extent to which such information is incorporated into decision-making structures. As key financial intermediaries, banks exert substantial influence on societal and environmental outcomes, while the failure to account for these effects contributes to inefficient resource allocation and elevated systemic risk (Scholtens, 2017). Decision-making processes that incorporate green products and practices therefore shape both capital allocation outcomes and the long-term stability of the financial system.

Recent academic literature on sustainable banking converges on the view that transitions towards sustainable business models extend beyond the incremental incorporation of green elements into existing organisational arrangements. Sustainability becomes embedded through broader organisational reconfiguration that reshapes purpose, core processes and value-creation mechanisms (Bocken, Short, Rana, & Evans, 2014). Evidence from analyses of sustainable banking architectures suggests that

integrating environmental and social criteria reshapes credit portfolio structures, financing priorities and the balance between profitability and long-term stability (Fernández Fernández, 2025; Saxena et al., 2021). Within this broader transformation, green products function as channels through which banks are oriented towards longer decision-making horizons, allowing financial performance to be assessed alongside its developmental, environmental and social consequences. These relationships are systematised in Table 1, which presents key green products and practices, their operational mechanisms and their strategic effects in the context of sustainable banking

Table 1. Green products and practices as determinants of sustainable banking

Dimension of sustainable banking	Green products and practices	Key operational mechanism	Strategic effects on banks (selected sources)
Strategic dimension	Green lending; ESG-integrated financial products	Reorientation of capital allocation towards long-term and sustainability-oriented projects	Transformation of business models and a longer decision-making horizon (Bocken et al., 2014; Fernández Fernández, 2025)
Risk management dimension	Climate stress testing; ESG criteria in credit assessment	Internalisation of climate-related and ESG risks within decision-making processes	Reduction of systemic risk and strengthening of financial stability (Gangi et al., 2018; Vives & Wrzaczek, 2021)
Technological dimension	Digital ESG tools; automated reporting systems	More precise performance measurement and control of complex portfolios	Enhanced operational efficiency and transparency (Ferretti et al., 2024; Siswanti et al., 2024)
Social and developmental dimension	Financing of renewable energy sources, energy efficiency and sustainable infrastructure	Linking financial flows to developmental and social objectives	More inclusive and long-term sustainable economic development (Chen et al., 2022; Donou-Adonsou et al., 2025)

Source: Authors, based on an analysis of selected academic literature.

Overall, changes in banking business models emerge through interrelated strategic, organisational and regulatory mechanisms rather than through isolated modifications of individual instruments. In this sense, green products and practices assume the role of drivers of strategic transformation in banking business models, creating conditions for their more consistent integration into risk management frameworks and internal organisational structures.

The role of green products and practices in the transformation of banking operations

Risk management has become a central site of transformation in contemporary banking. Climate-related risks introduce heterogeneity, long-term time horizons and systemic effects into financial intermediation, necessitating the expansion of traditional risk management frameworks and the use of additional information in banking decision-making (Vives & Wrzaczek, 2021). In this context, banks' environmental orientation, when supported by effective corporate governance arrangements, has been associated with improved risk profiles and enhanced financial stability, underscoring sustainability as a strategically relevant dimension of banking activity (Gangi, Meles, D'Angelo, & Daniele, 2018). Financial performance outcomes in banking are not adversely affected by the inclusion of sustainability considerations in operational practices, as empirical research identifies positive performance effects associated with sustainability integration (Weber, 2017). Cross-country evidence further highlights the combined role of climate-integrated financial policy frameworks and banks' internal climate risk strategies in supporting overall financial system stability (D'Orazio, 2025).

Within this evolving landscape, green products and practices increasingly function as integral components of risk management systems, enabling banks to anticipate adverse effects associated with unsustainable investments while simultaneously supporting projects that enhance the resilience of the broader economic system (Čavlin, Vapa Tankosić, & Egić, 2021; Schulte et al., 2025). As a result, banks' roles extend beyond passive financial intermediation towards more active involvement in processes of sustainable economic transformation.

Banks' operational practices evolve in close relation to changes in technological and organisational capacities. Digital infrastructures,

advanced reporting systems and analytical tools facilitate more precise monitoring of ESG performance and enable more effective oversight of increasingly complex portfolios of green financial products. In parallel, organisational transformation involves adjustments to internal policies, control frameworks and employee competencies, thereby establishing conditions for the consistent application of sustainability principles in routine banking activities (Ferretti, Gonnella, & Martino, 2024; Siswanti, Riyadh, Cahaya, Prowanta, & Beshr, 2024). Green products and practices derive their effectiveness from their incorporation into wider digital and organisational transformation processes within banking.

From a social perspective, green banking products and practices are relevant insofar as they support more inclusive and balanced patterns of economic development. Through financing renewable energy, energy-efficient solutions and sustainable infrastructure, banking activity becomes linked to improvements in quality of life, reduced social disparities and greater community-level resilience. Financial development generates socially relevant outcomes only insofar as it is mediated by institutionally effective and accessible banking mechanisms capable of addressing challenges such as energy poverty and access to essential services (Donou-Adonsou, Basnet, & Mathey, 2025; Dávila Pinto et al., 2025). At the same time, investments in renewable energy combined with greater financial inclusion are associated with higher levels of energy efficiency, reinforcing the role of the financial system in supporting a sustainable energy transition (Chen, Shi, & Zhao, 2022). The extent to which these effects materialise remains closely linked to the maturity of regulatory frameworks and institutional capacity, which differ markedly between the European Union and the Republic of Serbia.

Accordingly, green products and practices function as determinants of sustainable banking only when embedded within banks' core strategies and governance structures. Their significance lies in shaping business models, risk governance and the integration of social responsibility into everyday banking operations, linking financial intermediation with long-term economic, environmental and social objectives.

Green Products and Practices: Perspectives in the European Union and the Republic of Serbia

The use of green products and practices reflects coordination between EU regulation, national supervisory frameworks and institutional

arrangements within banks. Within the European Union (EU), sustainable banking has developed under a comprehensive regulatory architecture designed to redirect financial flows towards activities aligned with long-term environmental and social sustainability. The European Green Deal (European Commission, 2019) serves as a central strategic reference within the EU sustainability agenda, with its implications for financial-sector practice elaborated through the EU sustainable finance framework (European Commission, 2023), leading to the structural embedding of sustainability considerations within the core business models and governance mechanisms of EU banks.

A central component of this framework is the EU Taxonomy, which standardises the classification of environmentally sustainable economic activities and directly influences the design of banking products, lending practices and risk assessment processes (Lucarelli, Mazzoli, Rancan, & Severini, 2020). The use of taxonomy-based criteria enables more consistent identification and assessment of environmental risks, strengthening transparency and facilitating the incorporation of green products into standard banking processes related to capital allocation and risk management (European Central Bank, 2020). By requiring systematic disclosure of environmental impacts, climate-related risks and resource efficiency indicators, sustainability reporting obligations under the Corporate Sustainability Reporting Directive (CSRD) reinforce existing regulatory developments and enhance the operational implementation of sustainable banking in the EU financial system (European Parliament and Council of the European Union, 2022; Pantazi, 2024).

In contrast, the application of green products and practices in the Republic of Serbia takes place within an institutional and supervisory environment marked by gradual regulatory convergence with European Union standards. Supervisory reviews by the National Bank of Serbia point to an emerging consideration of climate-related and ESG risks, while also highlighting substantial differences in the depth and consistency of implementation across banks (National Bank of Serbia, 2024; 2025). By requiring systematic disclosure of environmental impacts, climate-related risks and resource efficiency indicators, sustainability reporting obligations under the Corporate Sustainability Reporting Directive (CSRD) reinforce existing regulatory developments and enhance the operational implementation of sustainable banking in the EU financial system (European Parliament and Council of the European Union, 2022; Pantazi, 2024).

Although green credit products are now widely available in Serbia, their application remains selective and primarily oriented towards energy efficiency and renewable energy projects across corporate and household segments. Differences in product design, pricing structures and risk exposure continue to be observed across banks, reflecting variations in organisational capacity and strategic commitment. Monitoring of green assets remains partial, and the embedding of climate-related risks within broader risk management frameworks continues to reflect a transitional stage of sustainable banking development.

Beyond regulatory compliance, ESG implementation within Serbian banks increasingly encompasses organisational and social dimensions, such as workplace conditions, inclusivity policies and human resource practices. The presence of independent certification frameworks recognising such initiatives suggests a gradual institutionalisation of sustainability within internal organisational structures (American Chamber of Commerce in Serbia, 2025). However, the depth and consistency of ESG-related practices vary across banks and are strongly influenced by strategic orientation and parent-group governance models.

An illustrative example of the institutional embedding of green products and practices within the Serbian banking sector is provided by NLB Komercijalna banka. Sustainability is integrated into the bank's long-term strategic framework through alignment with international responsible banking initiatives and the adoption of internal ESG policies that support the reorientation of financial flows towards environmentally and socially relevant projects. Green products and practices form part of the bank's business model configuration, influencing internal procedures, lending priorities and governance arrangements. The bank's portfolio includes Green Loans for renewable energy, energy efficiency, sustainable construction and resource management, as well as Green Consumer Loans developed in cooperation with international institutions and national authorities within programmes supporting household-level energy efficiency (Ministry of Mining and Energy, 2023; NLB Komercijalna banka, 2024). Alongside environmental objectives, governance-related policies addressing equality and inclusivity illustrate the integration of the social dimension of sustainable banking within organisational practice (American Chamber of Commerce in Serbia, 2023). Table 2 brings together the bank's principal ESG initiatives and strategic orientations

Table 2. ESG initiatives and strategies of NLB Komercijalna banka

Area	Initiative	Objectives and effects
Sustainable strategy	ESG strategy until 2050	Achievement of net-zero CO ₂ emissions through balancing emissions with carbon removal from the atmosphere.
Energy efficiency	Reduction of CO ₂ footprint by 5% (2023)	Lower greenhouse gas emissions and increased reliance on renewable energy sources.
	Reduction of electricity consumption by 15% and paper use by 25% (2023)	Resource optimisation and mitigation of negative environmental impacts.
Green finance	EUR 43 million allocated to ESG projects (2023)	Financing of energy efficiency, renewable energy projects and pollution reduction measures.
Support for agriculture	Market leader in agricultural loans (30% share)	Improvement of sustainable agriculture and organic production.
	Organic competition	Support for innovations in sustainable agriculture.
Support for small businesses and social responsibility	Support Framework	Assistance to innovative companies addressing social and environmental challenges through financial and communication support at the regional level.
Support for young people	„A real opportunity to live life your way”	Support for young people in addressing housing needs, including awards totalling RSD 20 million.
Green loans for businesses	Renewable energy loans	Financing of solar panels, wind farms and energy-efficient facilities.
	Energy efficiency loans	Investments in LED lighting, heat recovery systems and thermal insulation.
	Clean transport loans	Financing of electric and hybrid vehicles and related charging infrastructure.
	Recycling and waste management loans	Recycling facilities, wastewater treatment plants and waste-to-energy projects.
Green loans for households	„Clean energy and energy efficiency for households”	Consumer loans for the purchase of energy-efficient appliances and equipment.

Source: NLB Komercijalna banka (2024).

CONCLUSION

Green products and practices constitute determinants of sustainable banking only when they are fully integrated into business decision-making, business model design and risk management systems. Their significance is not confined to regulatory alignment, reputational strategies or incremental portfolio changes, but lies in their potential to redefine banks' understanding and exercise of their economic and social responsibilities. By systematically incorporating environmental and social criteria into capital allocation, risk evaluation and strategic planning, green products introduce a long-term orientation into banking activities and shift the focus away from short-term financial performance towards the creation of durable and socially relevant value. Conceptual and empirical evidence suggests that sustainable banking does not involve a trade-off between financial stability and profitability, but rather contributes to greater resilience under increasing climate-related and transition risks. In this regard, green products function as operational instruments that align strategic orientation with advanced risk management practices and regulatory objectives, while their social effects, reflected in improved energy efficiency, broader financial inclusion and better access to essential services, reinforce the developmental role of the banking sector in the sustainable transition.

Taken together, sustainable banking should not be interpreted as a set of discrete green initiatives, but as the outcome of a systemic transformation in which business models, governance arrangements and social responsibility are structurally intertwined. Within this transformation, green products and practices act as key drivers by aligning banks' financial activities with long-term economic, environmental and social objectives, thereby repositioning banks from passive financial intermediaries towards more strategic actors in sustainable development. Sustainability is increasingly understood as a structural source of competitiveness, as green finance supports environmental risk mitigation and reinforces long-term financial resilience. In the European Union, this transformation has been shaped by an integrated regulatory architecture combining common classification systems, sustainability reporting obligations and supervisory guidance, which collectively influence how environmental and social considerations are incorporated into risk governance, lending decisions and internal capital allocation.

The evolution of sustainable finance within the Serbian banking sector reflects a gradual process of regulatory adjustment and business model

adaptation in response to emerging sustainability-related expectations. Banks are increasingly expanding their product portfolios to encompass energy efficiency, renewable energy and other sustainability-oriented activities. The influence of the central bank is thus increasingly articulated through institutional arrangements that promote the integration of ESG principles and greater transparency across banking activities. At the same time, demand for ESG-aligned products, together with evolving regulatory frameworks, continues to drive the expansion of green banking, allowing financial institutions to respond to global sustainability trends and offer more resilient and forward-looking financial solutions.

Rather than reflecting differences in conceptual orientation, the gap in sustainable banking between the European Union and the Republic of Serbia arises from unequal levels of institutional and regulatory maturity. In the Republic of Serbia, sustainable banking is still taking shape as a gradual development process, albeit one with considerable potential for further advancement. Ensuring a more consistent application of sustainable banking practices in Serbia requires an integrated approach that combines regulatory alignment, institutional reinforcement and capacity-building, thereby supporting the stability and competitiveness of the domestic financial system.

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ZELENI PROIZVODI I PRAKSE U OKVIRU ODRŽIVOG BANKARSTVA U EVROPSKOJ UNIJI I REPUBLICI SRBIJI

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Sažetak: *Savremeni koncepti održivog bankarstva sve češće polaze od pretpostavke da se odgovornost banaka prema društvu i životnoj sredini ne može ostvariti kroz izolovane inicijative, već kroz integraciju održivosti u osnovne poslovne modele. Zeleni proizvodi i prakse predstavljaju jedan od ključnih mehanizama putem kojih se održivost ugrađuje u bankarsko poslovanje i strateške odluke o alokaciji kapitala. Analitički pristup u radu usmeren je na sagledavanje uloge zelenih proizvoda i praksi u funkciji održivog bankarstva, sa posebnim osvrtom na tehnološke, organizacione i društvene dimenzije bankarskog poslovanja. Razmatranje je zasnovano na kvalitativnom pregledu relevantne naučne i stručne literature, uz sintezu savremenih bankarskih praksi u Evropskoj uniji i Republici Srbiji. Poseban fokus stavljen je na digitalizaciju procesa, razvoj zelenih finansijskih proizvoda i ulogu kriterijuma održivosti u oblikovanju kreditnih politika i društvene odgovornosti banaka. Analiza ukazuje da zeleni proizvodi i prakse predstavljaju važne pokretače transformacije tradicionalnih bankarskih modela, doprinoseći istovremeno operativnoj efikasnosti i dugoročnoj stabilnosti finansijskog sistema.*

Ključne reči: *održivo bankarstvo, zeleni proizvodi i prakse, održive finansije, bankarski sektor, društvena odgovornost banaka, Evropska unija, Republika Srbija.*