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Influence of Financial Services Sector on Corporate Sustainability Development Support: Insights from Zimbabwe Stock Exchange Listed Firms

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Abstract: Objectives: This study examines the role of the financial service sector in promoting environmentally related sustainable development goals (SDGs). The primary purpose is to assess how listed financial institutions integrate sustainability into their operations, investment decisions, and corporate strategies. The study seeks to analyse the financial service sector's sustainability development support towards SDGs, evaluate the environmental sustainability practices adoption in achieving SDGs, and to identify barriers and enablers to sustainable development support by the financial service sector in Zimbabwe. **Prior Work:** Building on extant literature on achieving sustainability development goals, the paper positions sustainability reporting and the role played by the financial service sector in advancing sustainable development support in emerging economies. **Approach:** Content analysis of publicly available annual reports and sustainability reports of listed financial service firms was used to achieve the study objectives. Further, thematic analysis from interviews conducted with bank employees was done to get deep insights of research findings. **Results:** Findings indicate that sustainability development financing of SDGs is not fully supported, and significant gaps remain, particularly concerning SDG 14 and SDG 15, indicating a sustainability agenda that is not yet fully comprehensive. **Implications:** From a policy perspective, the study offers regulatory frameworks that incentivise green financing and sustainability reporting. The study also academically enriches the literature on sustainable finance in emerging markets, particularly in sub-Saharan Africa. **Value:** The study contributes significantly to practice by providing financial institutions and listed firms with evidence-based strategies to enhance sustainability integration. This study underscores the

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transformative potential of finance in fostering long-term economic, environmental, and social resilience in Zimbabwe.

Keywords: Sustainable Development Goals; Sustainability reporting; Green financing

1. Introduction

The growing recognition of the interconnectedness between economic prosperity, environmental stewardship, and social equity has propelled the concept of sustainable development to the forefront of global discourse (Ziai, 2025). At the heart of this paradigm lies the financial services sector, which plays a crucial role in channelling investments toward environmentally and socially responsible initiatives (Reddy et al., 2025). Financial institutions, through their lending, investment, and advisory activities, can significantly influence corporate behavior and drive the adoption of sustainable practices across various industries. However, despite the increasing awareness of the financial sector's potential to foster sustainability, the extent to which it effectively supports sustainable development, particularly in emerging economies, remains a subject of ongoing debate and empirical investigation (Sun et al., 2026; Alam & Paul, 2026.). The broader literature highlights a range of perspectives on the financial sector's role in promoting sustainability. Some literature argue that financial institutions are primarily driven by profit motives and short-term financial performance, leading to a limited focus on sustainability considerations (Atmeh et al., 2020). This perspective suggests that market failures, information asymmetries, and regulatory gaps hinder the integration of environmental, social, and governance (ESG) factors into financial decision-making (Parameswar et al., 2024). Others emphasise the growing investor demand for sustainable investment options and the increasing recognition of the financial risks associated with environmental degradation and social inequality. This view posits that financial institutions are increasingly incorporating sustainability considerations into their strategies and operations to enhance their long-term competitiveness and mitigate potential risks (Xie et al., 2025). Emerging economies face unique challenges and opportunities in leveraging the financial sector for sustainable development. While these economies often exhibit rapid economic growth and increasing investment needs, they may also face significant environmental and social challenges, such as resource depletion, pollution, and inequality (Xin et al., 2025). The financial sector in these contexts can play a critical role in mobilizing capital for sustainable infrastructure, renewable energy projects, and inclusive business models that address these challenges (Alam & Paul, 2025). However, the effectiveness of the financial sector in promoting sustainability in emerging economies is often constrained by factors such as weak regulatory frameworks, limited access to information, and a lack of awareness among financial institutions and investors (Ecer & Pamucar, 2022).

In the context of Zimbabwe, a developing economy striving for sustainable growth, the financial services sector's role in supporting corporate sustainability remains underexplored. Zimbabwe faces numerous socio-economic and environmental challenges, including climate change, resource scarcity, and poverty, which necessitate a concerted effort to promote sustainable development across all sectors of the economy. The Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Exchange (VFEX) serve as platforms for listed firms to access capital and engage with investors, making them important conduits for promoting sustainable business practices. However, the extent to which financial institutions and listed firms in Zimbabwe integrate sustainability into their operations, investment decisions, and corporate strategies remains unexplored.

This study aims to address this gap in the literature by examining the influence of the financial services sector on corporate sustainability development support in Zimbabwe. Specifically, the study seeks to evaluate the sustainability practices adopted by ZSE-listed firms, analyse the financial sector's influence on these firms' sustainability commitments, and identify barriers and enablers to sustainable finance in Zimbabwe. By employing a mixed-methods approach that combines quantitative analysis of corporate sustainability disclosures with qualitative insights from interviews with financial sector executives, regulators, and sustainability officers, this study offers a comprehensive assessment of the current state of sustainable finance in Zimbabwe.

The findings of this study contribute to the existing body of knowledge on sustainable finance in several ways. First, the study provides empirical evidence on the sustainability practices of listed firms in Zimbabwe, shedding light on the extent to which they are integrating ESG factors into their operations and reporting. Second, the study identifies the key drivers and constraints that influence the financial sector's support for corporate sustainability in Zimbabwe, informing policy interventions and business strategies aimed at promoting sustainable finance. Finally, the study offers recommendations for regulatory frameworks that incentivise green financing and sustainability reporting, contributing to the development of a more sustainable and resilient financial system in Zimbabwe and other emerging economies. By bridging the gap between financial sector operations and sustainable development goals, this study underscores the transformative potential of finance in fostering long-term economic, environmental, and social resilience in Zimbabwe.

2. Literature Review

2.1. Theoretical Perspectives

The study is guided by three theories namely the stakeholder theory (Freeman & Reed, 1983), legitimacy theory (Dowling & Pfeffer, 1975) and institutional theory (DiMaggio & Powell, 1983).

Stakeholder theory suggest that a firm's success is dependent on its ability to manage its relationships with a wide range of stakeholders (not just shareholders), including employees, customers, suppliers, communities, government, and the environment (Freeman & Reed, 1983). Financial institutions such as banks and other financial service providers are therefore not isolated entities. Their lending and investment decisions in supporting the achievement of SDGs are influenced by pressures from various stakeholders such as regulators and the government to report on sustainability development issues, ESG reporting or green finance quotas (Muhammad & Ali, 2025). There is also growing demand from investors and shareholders for sustainable and responsible investment options by firms across all industry sectors (Initiative for Responsible Investment, 2015; Ndamba & Chisaira, 2016; Wagemans et al., 2025). Financial institutions such as banks listed on the ZSE/VFEX are therefore expected to adopt sustainability practices in response to stakeholder pressures such as offering better loan terms to a company that demonstrates strong environmental risk management, thereby influencing the company's behavior.

Legitimacy theory on the other hand is viewed as a subset of stakeholder theory and suggest that firms should constantly seek to ensure their operations are perceived as being within the bounds and norms of their society in which they seek a "social license to operate" (Dowling & Pfeffer, 1975). When a gap exists between societal expectations and the firm's actions (a "legitimacy gap"), the firm will engage in activities (like sustainability reporting and initiatives) to close that gap (Deegan, 2010; Herbert & Graham, 2022). In this context, financial institutions operating in developing countries such as Zimbabwe facing similar significant environmental challenges like climate change and environmental degradation are expected to engage in sustainability practices as a strategy to gain legitimacy in the eyes of the public, government, and international community.

Institutional theory explains how organisational structures and practices become standardised through external pressures, leading to homogeneity in practices within

an organizational field (DiMaggio & Powell, 1983). These pressures include coercive pressure, mimetic pressure and normative pressure (Latif et al., 2020). Coercive pressure is formal pressure exerted through regulations, by the government, and powerful stakeholders such as the central banks' mandates (Bhuiyan et al., 2023). Conversely, mimetic pressure is the pressure that arise by imitating successful competitors in times of uncertainty such as all financial institutions begin offering green loans just because the first mover was praised by various stakeholders in doing so, while normative pressure emanates from professionalisation needs, education and standardisation requirements such as adopting global reporting standards such as GRI standards or IFRS S1/S2 (Bhuiyan et al., 2023; De et al., 2025). Institutional theory is relevant in this study by identifying and analysing the barriers and enablers of sustainability financing by the financial service sector in Zimbabwe.

2.2. Sustainability Development Financing Practices

The financing of sustainable development represents a fundamental shift in how capital is allocated, moving from a singular focus on financial return to a paradigm that integrates environmental, social, and governance (ESG) considerations into the core of financial decision-making. This practice, often encapsulated under the umbrella term sustainable finance, which encompasses a wide array of instruments, actors, and methodologies aimed at supporting the Sustainable Development Goals (SDGs) (Sachs et al., 2019). The literature reveals a rapid evolution in these practices, driven by regulatory pressures, market demand, and a growing recognition of the materiality of ESG risks and opportunities (Dunfjäll, 2025; Oliver Yébenes, 2024; Sheehan et al., 2023).

A primary manifestation of sustainable financing practices is the proliferation of labelled financial instruments. The most prominent among these is the green bond, a fixed-income instrument specifically earmarked to raise capital for climate and environmental projects (Flammer, 2021). The green bond market has experienced exponential growth, evolving from a niche product to a mainstream asset class. Recent studies highlight that these instruments not only provide essential capital for renewable energy, energy efficiency, and pollution prevention projects but can also offer financial advantages for issuers, such as a "green premium" or lower cost of capital due to high investor demand (Baker et al., 2022). Beyond green bonds, the market has expanded to include social bonds (funding projects with positive social outcomes, e.g., affordable housing), sustainability bonds (combining both

environmental and social objectives), and most recently, sustainability-linked bonds (SLBs), whose financial characteristics are tied to the achievement of predefined sustainability performance targets (Chandrakant & Rajesh, 2023; Khatri & Kjærland, 2023; Papoutsis & Sodhi, 2023).

On the other hand, the practice of active ownership, which investors use their power to influence corporate behaviour through shareholder engagement and proxy voting on ESG issues, has also gained significant traction (Dyck et al., 2019). A critical enabler of these financing practices is sustainability reporting and disclosure. The ability to accurately measure, manage, and report on ESG performance is paramount for attracting sustainable capital. The landscape of reporting frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), has aimed to standardise and improve the quality of non-financial information (Kotsantonis & Serafeim, 2019). The recent consolidation into the International Sustainability Standards Board (ISSB) under the IFRS Foundation marks a significant step towards a global baseline of sustainability disclosure standards, which is expected to reduce greenwashing and enhance the credibility of sustainable finance markets (Christensen et al., 2022).

However, the literature also identifies significant challenges. Greenwashing, whereby institutions overstate or misrepresent their sustainability credentials remains a persistent threat that can undermine market confidence (de Freitas Netto et al., 2020). Furthermore, there is a pronounced financing gap for the SDGs, particularly in emerging and developing economies, where perceived risks and a lack of bankable projects hinder the flow of private capital (Dikau & Volz, 2021; Espagne & Aglietta, 2016). This has spurred the development of blended finance models, where public or philanthropic capital is used to de-risk investments and catalyse private sector funding for sustainable development in these regions (Rashed & Shah, 2021).

2.3. Corporate Sustainability Development Support

The financial services sector is widely recognised as a critical catalyst for sustainable development, wielding significant influence through its capital allocation, risk assessment, and advisory functions (Kaonga et al., 2026). Its role extends beyond mere financing to actively shaping corporate strategies and national economic trajectories towards sustainability goals (Barua, 2020). This influence is primarily

exercised through two interconnected channels which are capital provision and risk pricing. Through their lending and investment decisions, banks, asset managers, and institutional investors directly determine the availability of capital for sustainable projects. The integration of ESG criteria into credit risk analysis and investment frameworks has become a mainstream practice, enabling the channelling of funds towards green bonds, renewable energy initiatives, and socially responsible enterprises (Dikau & Volz, 2021). This allocative function is paramount, as a significant financing gap persists for achieving the Sustainable Development Goals (SDGs), particularly in emerging economies. By offering favourable loan terms or lower cost of capital to companies with strong sustainability performance, financial institutions create a powerful economic incentive for corporate clients to adopt greener practices (Bei & Wang, 2023). This is often operationalised through sustainability-linked loans, where interest rates are directly tied to the borrower's achievement of predefined ESG or SDGs targets (Auzepy et al., 2023; Pohl et al., 2023).

The financial service sector, furthermore, exerts influence through shareholder activism and engagement. Institutional investors, by virtue of their large equity holdings, are increasingly using their power to influence corporate behavior (García-Meca et al., 2017). This is achieved through direct dialogue with company management, filing shareholder resolutions on climate-related issues, and voting on ESG proposals at annual general meetings (Dyck et al., 2019). This active ownership pushes firms to enhance their sustainability disclosures, improve their environmental management, and align their long-term strategies with a low-carbon transition. The financial service sector's effectiveness is however contingent on robust regulatory frameworks and accurate information. The potential for greenwashing, where financial products are deceptively marketed as sustainable, remains a key challenge that can erode trust and hinder progress (de Freitas Netto et al., 2020). Therefore, the development of mandatory and standardized sustainability reporting standards, such as those being developed by the International Sustainability Standards Board (ISSB), is crucial for providing the reliable data needed for effective ESG risk assessment and capital allocation (Christensen et al., 2022). The financial service sector's influence on sustainability support is multifaceted and powerful. By acting as gatekeepers of capital and engaged stewards, financial institutions can incentivize and accelerate the adoption of sustainable practices across the economy. However, realising this potential fully requires continued regulatory evolution to ensure transparency and mitigate market imperfections.

3. Methodology

The study employs a multiple-case study design to achieve its objectives. This approach is deemed most appropriate as it facilitates an in-depth, holistic, and contextual exploration of a contemporary phenomenon (Yin, 2018), which is the integration of sustainability into operations and strategies within its real-world context, where the boundaries between the phenomenon (sustainability integration) and the context (the Zimbabwean banking sector) are not clearly evident. The seven listed banking firms constitute the seven cases for this study.

3.1. Research Philosophy and Design

The research is grounded in a pragmatism philosophy, which implores what currently works to understand the complex social phenomena (Saunders et al., 2019) of sustainability commitment from the perspectives of the participants within the financial sector). A multiple-case study design is adopted to allow for a comparative analysis across the different firms, enabling the identification of patterns and unique challenges specific to the Zimbabwean context.

3.2. Population and Sample Size

There is a total of 17 firms in the financial sector listed on both ZSE and VFEX as of 31 May 2025. However, a sample of six (6) firms were purposively selected since these are the ones in the banking category and are therefore expected to provide finance support for sustainable development in the country. The remaining 11 firms were excluded as they are non-banking financial service institutions and do not provide financial support in form of borrowings to the general communities. The following sample firms were thus included.

Table 1. Sample Size

	Listed Firm	Exchange
1	CBZ Holdings	ZSE
2	FBC Holdings	ZSE
3	First Capital Bank	VFEX
4	Nedbank Group Zimbabwe	VFEX
5	NMBZ Holdings	ZSE
6	ZB Financial Holdings	ZSE

Source: ZSE & VFEX Website:2025

3.3. Data Collection

To ensure data triangulation and enhance the validity and reliability of the findings, data was collected from two primary sources. Firstly, documentary analysis was carried out in the form a systematic content analysis of publicly available documents from the six banks for the most recent three-year period (2022-2024). The documents include annual and integrated reports in order to evaluate disclosed sustainability practices (Objective 1) and identify mentions of the target SDGs (SDG 6, 7, 13, 14, 15). Sustainability/CSR reports were analysed to gain deeper insights into specific initiatives and their alignment with SDGs, while official websites were browsed to analyse marketing communications and public commitments to sustainability. This analysis is guided by a coding framework developed from existing sustainability reporting frameworks like the Global Reporting Initiative (GRI) and principles from the UN Principles for Responsible Banking (Davies & Green, 2020).

Secondly, semi-structured interviews were conducted to gather rich, experiential data and achieve objectives 2 and 3, and in-depth semi-structured interviews were conducted with key informants. A purposive sampling technique was used to identify participants who possess expert knowledge of their institution's sustainability and investment strategies. These participants include Heads of Sustainability or Corporate Social Responsibility, Sustainability Officers, Finance Managers. An interview guide was developed with open-ended questions exploring the motivation for SDG integration; the influence of the financial sector (e.g., through lending criteria) on client behaviour; and the perceived barriers and enablers to corporate sustainability development financing in Zimbabwe.

3.4. Data Analysis

The data was analysed using a combination of content analysis and thematic analysis. To achieve the first objective, content analysis was used to quantify the extent of environmental related SDGs support. This was achieved by means of identifying sustainability reporting related to the seven environmental related SDGs (SDG 6- clean water and sanitation; SDG 7- affordable and clean energy; SDG 11 - Sustainable cities; SDG-Responsible consumption; SDG 13-climate action; SDG14- life below water and SDG15-life on land). This was complemented by qualitative content analysis to interpret the nature and depth of the SDGs commitment support by the six listed financial institutions(banks). For qualitative data (Objectives 2 &

3), interviews were transcribed verbatim and analysed using thematic analysis following the steps outlined by (Braun & Clarke, 2006) which are familiarisation, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the report. Atlas.ti software was utilised to manage and code the data efficiently. The analysis sought to identify themes related to the financial sector's influence, as well as the salient barriers and enablers.

3.5. Ethical Considerations

Ethical approval was sought from the relevant participants. Prior to interviews, all participants electronically received a participant information sheet and sign an informed consent form. Anonymity and confidentiality were assured, allowing participants to speak freely. Given the seniority of the participants, the study's focus was on institutional practices rather than personal critique.

3.6. Limitations

The primary limitation of the study could be the potential for social desirability bias in interview responses, where participants may overstate their institution's sustainability commitments. Triangulation with documentary evidence was thus designed to mitigate this. Furthermore, the study was only limited to publicly listed banks and did not capture the practices of smaller, non-listed financial institutions in Zimbabwe.

4. Results and Discussion

4.1. Objective 1: Financial Service Sector's Sustainability Development Support Towards SDGs

This section presents a quantitative analysis of the Sustainable Development Goal (SDG) reporting practices of major financial institutions in Zimbabwe. The data, drawn from corporate sustainability disclosures for the 2024 reporting period, provides a clear overview of the sector's current priorities and gaps in supporting the global sustainability agenda.

4.1.1. Descriptive Statistics and Sector-Wide Adoption Trends

The dataset (Table 2) encompasses six leading financial institutions: CBZ Holdings, FBC Holdings, First Capital Bank, Nedbank Zimbabwe, NMBZ Holdings, and ZB Financial Holdings. Their reported adherence to seven environmental-focused SDGs (6, 7, 11, 12, 13, 14, 15) is binary-coded (1 = reporting evidence of support, 0 = no evidence reported).

Table 2. SDGs Development Support among Zimbabwean Listed Financial Institutions (N=6)

SDG	Description	Firms Reporting (n)	Support rate (%)
6	Clean Water and Sanitation	6	100%
7	Affordable and Clean Energy	6	100%
11	Sustainable Cities	4	66.7%
12	Responsible Consumption and Production	5	83.3%
13	Climate Action	6	100%
14	Life Below Water	1	16.7%
15	Life on Land	3	50%

Source: Author's compilation from annual reports & sustainability reports for 2024

The analysis reveals a high degree of adoption for certain SDGs across the sector (Table 2). SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), and SDG 13 (Climate Action) demonstrate universal adoption, with all six firms (100%) reporting supportive initiatives. This is followed closely by SDG 12 (Responsible Consumption and Production), with five out of six firms (83.3%) reporting activities.

Higher disclosures of SDG 6 (Clean water), SDG 7 (Affordable clean energy), and SDG 13 (Climate Action) is possibly driven by the need for operational survival, national infrastructure deficits and direct supply-chain risks rather than abstract environmental goals as the economy faces recurrent water shortages particularly in urban areas, persistent electricity shortages and load shedding over the years, and droughts affecting agriculture. It is also noted that companies usually prioritise what is material to their business continuity, cost structure and investor expectations in the absence of mandatory disclosure requirements (Mazumder & Hossain, 2025). Conversely, significant gaps are evident. For instance, SDG 14 (Life Below Water), is notably the least addressed, with only a single firm (16.7%) reporting any initiatives. This is possibly due to the fact that Zimbabwe is a landlocked country

and therefore seen as not material to the listed companies' direct risk-impact. However, (Hummel & du Toit, 2026) notes that most African listed firms are generally associated with lower SDG disclosures due to institutional quality and lack of developmental assistance. SDG 15 (Life on Land) shows moderate engagement, with half of the institutions (50%) reporting activities such as tree-planting campaigns, indicating that the average bank is actively reporting on most of the environmental SDGs analysed. NMBZ Holdings is the only institution reporting support for all seven SDGs, demonstrating a comprehensive public sustainability profile probably due to its board committee diversity (Mazumder & Hossain, 2025).

4.1.2. Strategic Priorities and Omissions

The near-universal adoption of SDGs 6, 7, and 13 suggests that these goals align closely with both the core operations of financial institutions and the immediate environmental challenges facing Zimbabwe. The focus on SDG 7 is largely driven by economic rationality; investments in solar power for bank branches reduce operational costs associated with an unreliable national grid and diesel generators, while simultaneously yielding carbon emission reductions. Similarly, efforts towards SDG 6, such as installing water-efficient fixtures and boreholes, mitigate operational risk from water scarcity and present tangible Corporate Social Responsibility (CSR) opportunities for community engagement. The universal reporting on SDG 13 has likely become a baseline expectation for corporate legitimacy. However, a critical distinction must be made between operational climate action (e.g., reducing emissions from buildings and vehicles) and financed emissions. The former is increasingly common, while the latter, arguably where banks have their greatest impact, involves integrating climate risk into lending and investment portfolios and is less easily captured in a binary metric.

The high engagement with SDG 12 reflects a straightforward and cost-effective win for the sector, primarily through digitisation and paper-reduction strategies. This directly improves efficiency and cuts costs, making it a strategically logical priority. The lower adoption rates for SDG 11 and SDG 15 indicate that these are perceived as more peripheral to core banking activities. Support is often channeled through discrete CSR projects (e.g., community clean-ups, tree planting) rather than being integrated into core business strategy. The near-total neglect of SDG 14 (Life Below Water) is statistically the most significant finding. This suggests a fundamental disconnection between the banking sector's sustainability agenda and marine conservation. For a landlocked country like Zimbabwe, this may be perceived as less

directly relevant. However, this omission highlights a potential lack of consideration for indirect impacts, such as financing agricultural or industrial clients whose runoff or practices might affect transnational water systems that eventually impact marine life.

4.2. Objective 2: Environmental sustainability initiatives -Thematic Areas of Environmental Focus

This analysis synthesises the environmental sustainability initiatives reported by all the six financial institutions (banking sector) listed on both the ZSE and VFEX in Zimbabwe during the study period. The findings reveal a sector-wide engagement with the Sustainable Development Goals (SDGs), though the depth, strategic integration, and focus areas of these initiatives vary significantly across institutions. The banks' environmental practices can be categorised into three primary thematic areas: climate action and energy transition, resource management and circular economy, and sustainable finance and risk management.

4.2.1. Climate Action and Energy Transition

A dominant theme across all banks is the transition to renewable energy to mitigate climate change (SDG 13) and ensure affordable and clean energy (SDG 7). This is predominantly operationalised through investments in solar power infrastructure. For instance, NMB Bank has made a significant investment with a solar plant that meets approximately 25% of its daily electricity demand, generating 109.85 MW in 2024. Similarly, First Capital Bank reported two branches operating primarily on solar in 2022 and the construction of a new 5-Star Green-rated Head Office. Nedbank Zimbabwe and FBC Holdings also reported the installation of solar systems across their branches and donated solar systems to community projects. These initiatives directly reduce Scope 2 emissions (purchased electricity) and demonstrate a clear understanding of the link between operational efficiency and environmental responsibility. Furthermore, CBZ Holdings is extending this transition beyond its operations by issuing "solar loans" to customers and employees, thereby using its financial leverage to accelerate the broader adoption of clean energy.

4.2.2. Resource Management and Circular Economy

The study results indicate that financial institutions are actively pursuing strategies to minimize their environmental footprint through efficient resource use, aligning with SDG 12 (Responsible Consumption and Production) and SDG 6 (Clean Water

and Sanitation). Reduction of paper use is being widely adopted in all the banking institutions as a universal drive towards paperless banking. This is being achieved through digital banking platforms, mobile apps, and electronic internal processes. For instance, Nedbank Zimbabwe provided a quantifiable metric, noting a reduction in POS rolls from 190,700 in 2022 to 129,000 in 2023. ZB Bank and others are also emphasising this shift, linking it to reduced waste and operational efficiency. Many of the banks have implemented water conservation measures to ensure water management. For instance, CBZ Holdings demonstrates a sophisticated approach, committing to 100% water measurement, conducting regular water audits, and installing intelligent monitoring systems for real-time tracking and leak detection. FBC Holdings on the other hand reported installing automatic faucets at its head office, estimating a 60% reduction in water usage. However, efforts in waste and e-waste management are emerging but appear less developed. Notable progress is shown by CBZ Holdings which has set specific targets to reduce landfill waste by 10% by 2025 and implement waste separation. Conversely, FBC Holdings mentioned a transition towards partnering with certified recyclers for e-waste disposal, moving away from auctions, which is a crucial step for mitigating toxic pollution.

4.2.3. Biodiversity and Afforestation Initiatives

Direct environmental conservation efforts, particularly tree planting, are a popular and visible CSR activity aligned with SDG 13 (Climate action) and SDG 15 (Life on Land) among the banks. Nedbank Zimbabwe in particular reported extensive partnerships, planting 2,700 trees in 2022 and 843 in 2024. ZB Financial Holdings and FBC Holdings also documented tree-planting initiatives, often tied to anniversaries or national events. While positive for awareness and local ecosystem services, these activities are often symbolic in scale compared to the banks' operational impacts. A more strategic integration of biodiversity is evidenced by NMBZ Holdings, which explicitly states that it does not finance projects causing "massive destruction of ecologically sensitive ecosystems" and assesses biodiversity action plans of prospective borrowers.

4.3. Objective 3: Barriers and Enablers of Sustainable Development Support by Financial Institutions

This section presents and discusses the key findings derived from thematic analysis of semi-structured interviews with 25 senior professionals from the six listed banks in Zimbabwe. The analysis reveals a complex interplay of formidable barriers and critical enablers influencing the support for sustainable development projects in order to achieve SDGs.

4.3.1. Prevailing Barriers to Sustainable Finance

The interview data identified three primary, interconnected barriers constraining the flow of capital towards sustainable development. Firstly, macroeconomic volatility and regulatory uncertainty has been identified as one of the barriers to sustainable finance. Overwhelmingly, participants (n=23) cited the domestic macroeconomic environment as the most significant impediment. Hyperinflation, currency instability, and fluctuating interest rates were frequently mentioned. A Chief Risk Officer from one of the banks stated that.

“Our primary mandate is fiduciary responsibility and capital preservation. In this environment, the time horizon for any investment shrinks dramatically. A solar farm project with a 20-year payback period is simply unbankable when we cannot forecast the value of the currency next quarter.” (Participant 7).

This sentiment highlights a critical challenge whereby macroeconomic instability forces financial institutions to prioritise short-term survival over long-term sustainable investing. Furthermore, participants (n=18) expressed frustration with a fragmented and sometimes contradictory regulatory landscape. Frequent changes in monetary policy and a lack of clear, incentivising guidelines for green finance create a high degree of uncertainty, discouraging long-term commitments.

A second major barrier is the perceived high-risk profile of sustainable projects, particularly those led by SMEs and in nascent sectors like waste-to-energy. Participants (n=20) noted a severe shortage of “bankable” projects. A Head of Credit remarked that:

“Many proposals we receive are strong on passion but weak on financial fundamentals. They lack detailed feasibility studies, robust cash flow projections, and often have weak collateral. The technology

might be unproven here, and the management capacity can be a concern.” (Participant 12).

This points to a fundamental market gap: a misalignment between project developers’ aspirations and the stringent risk-assessment frameworks of financial institutions. The technical complexity of evaluating new green technologies further exacerbates this perception of risk.

Finally, there exist limited internal capacity and short-term performance metrics. Internally, financial institutions face their own constraints. Many participants (n=15) from traditional commercial banks admitted that their staff lack the specialised knowledge to accurately assess environmental, social, and governance risks and opportunities. Concurrently, performance incentives for loan officers are typically tied to short-term metrics like loan volume and immediate profitability, not long-term sustainability impact. This creates a disincentive to pursue more complex, longer-gestation sustainable projects.

4.3.2. Critical Enablers for Sustainable Finance

Despite the barriers, the analysis shows several potent enablers that are fostering a gradual shift towards sustainable finance. The most frequently cited enabler (n=21) was the role of strategic partnerships, particularly with international development agencies and multilateral development banks (MDBs). These partnerships facilitate blended finance structures, where public or philanthropic capital absorbs first-loss risk or provides concessional funding. An executive manager of one bank explained that:

“Our partnership with [an international agency] allows us to offer lower-interest loans for solar home systems and climate-smart agriculture. Their credit guarantee gives us the confidence to enter a market we would otherwise avoid.” (Participant 3).

This demonstrates how de-risking mechanisms can effectively bridge the gap between high-risk sustainable projects and risk-averse private capital, making projects commercially viable.

Growing regulatory push and international standards has also been cited as an enabler for sustainable finance. Participants (n=17) acknowledged the growing influence of both domestic regulatory nudges and global standards. While current

regulation was seen as a barrier, there was a strong consensus that a clear, supportive policy framework such as tax incentives for green bonds or mandatory ESG reporting would be a powerful catalyst. Furthermore, the adoption of international frameworks like IFRS S1 and IFRS S2, the Equator Principles and the TCFD (Task Force on Climate-related Financial Disclosures) was seen as providing a necessary structure for integrating sustainability into risk management. A Sustainability Officer noted that:

“Adopting the TCFD recommendations is not just about compliance; it’s a risk management tool. It forces us to stress-test our portfolio against climate scenarios, and that analysis is revealing hidden risks—and opportunities—in carbon-intensive sectors.” (Participant 19)

This indicates a growing recognition that ESG integration is not merely a philanthropic exercise but a core component of prudent financial management in the 21st century.

Finally, a growing market demand for sustainable products and the associated reputational benefits were identified as key drivers (n=16). Corporates are seeking green financing to enhance their own sustainability credentials, and a segment of retail customers is increasingly interested in ethical banking. Participants reported that leading on sustainability issues enhances their brand image, attracts quality clients, and improves stakeholder relations.

“We are seeing more tender requirements from large corporate and government that require ESG compliance. Supporting our clients to meet these standards is becoming a new line of business for us.” (Participant 22)

This suggests that sustainable finance is increasingly being viewed as a competitive advantage and a driver of new business growth, moving beyond a purely risk-mitigation perspective.

5. Conclusion

The findings paint a picture of a sector caught between a challenging macroeconomic context and a strong, growing impetus to embrace sustainable finance. The analysis reveals a high level of engagement with certain SDGs, notably SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), and SDG 6 (Clean Water and

Sanitation), primarily driven by operational cost-saving, risk mitigation, and corporate legitimacy. However, this engagement is often superficial, focusing on internal operational efficiencies rather than the more impactful integration of sustainability into core lending and investment decisions (financed emissions). Significant gaps remain, particularly concerning SDG 14 (Life Below Water) and SDG 15 (Life on Land), indicating a sustainability agenda that is not yet fully comprehensive or strategically embedded.

The study identifies a critical dichotomy influencing this progress. On one hand, formidable external barriers—primarily macroeconomic volatility and regulatory uncertainty—severely constrain long-term investment horizons and force a prioritisation of short-term survival. This is compounded by a shortage of bankable projects and an internal capacity gap within financial institutions regarding ESG risk assessment. On the other hand, powerful enablers are emerging. Strategic partnerships for blended finance are effectively de-risking sustainable investments, while international standards are providing a crucial framework for integrating sustainability into risk management. Conclusively, while the Zimbabwean financial sector demonstrates a clear and growing commitment to sustainability, its support remains promising and selectively focused. The sector is not a passive victim of its environment but is actively employing strategic enablers to advance its sustainability agenda. The transition from a compliance-based, operationally focused approach to a strategic, finance-led model is underway but incomplete. The transformative potential of the financial sector to catalyse sustainable development in Zimbabwe remains significant but is yet to be fully realised.

6. Recommendations and Areas for Further Studies

Based on the findings of this study, financial institutions should develop specialised capacity such as investing in training and hiring experts in ESG risk assessment and green finance. Building such internal competency is essential for accurately evaluating the risks and opportunities of sustainable projects, particularly in emerging sectors. Financial institutions are also encouraged to innovate financial products by moving beyond solar loans to develop a suite of green financial products, such as sustainability linked bonds, green mortgages, and insurance products tailored for climate-resilient agriculture. These products can tap into growing market demand and create new business lines.

Policymakers and regulators should play crucial roles in stabilising macroeconomic environment, which is the foundational enabler of sustainable finance. Thus, pursuing sound monetary and fiscal policies is critical in achieving currency stability and low inflation, which is the single most important action to unlock long-term investment, including in sustainable projects. Policymakers should also develop a clear and coherent incentivising green policy framework for sustainable finance. This could include tax incentives for green bonds, lower reserve requirements for green loans, and incorporating sustainability criteria into public procurement tenders. Regulators should also consider moving towards mandatory and standardised ESG reporting based on international frameworks like TCFD and ISSB. This will improve transparency, allow for comparability between institutions, and reduce greenwashing.

While this study documented widespread reporting on operational sustainability, further studies can focus on quantifying the impact of financed emissions and environmental impact of the loan portfolios and investment decisions of Zimbabwean banks. Other studies can also focus on comparative studies across SADC or Sub-Sahara Africa comparing the barriers, enablers and regulatory approaches to sustainable finance in Zimbabwe thereby offering valuable insights for regional policymakers. By pursuing these research avenues, scholars can significantly contribute to refining theory and practice, ultimately supporting the development of a more robust and effective sustainable finance ecosystem in Zimbabwe and similar emerging economies.

Disclosure Statement

- The author declares no potential conflict of interest.
- Gemini was used to identify the most appropriate research method to apply in this study.

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