

How sustainable banking fosters the SDG 10 in weak institutional environments

F. Úbeda Mellina; F.J. Forcadell Martínez; E. Aracil Fernández; A. Méndez

Abstract-

The role of the financial sector is central in reducing income inequality – the goal of SDG 10 – by facilitating economic opportunities. However, institutional weaknesses may also undermine this effect. We argue that sustainable banking generates bidirectional trust to overcome institutional weaknesses, particularly the weak rule of law. Empirical evidence from 46 countries aggregating data of 1060 banks over 2010–2017 shows that sustainable banking lessens income inequality in weak rule of law settings. The results are robust after including the effects of bank digitalisation. This study has important implications for sustainable banking expansion into weak institutional environments and demonstrates banks’ efforts in their commitment to reducing inequality.

Index Terms- Sustainable Development Goals; Inequality; Institutions; Rule of law; Banks; ESG

Due to copyright restriction we cannot distribute this content on the web. However, clicking on the next link, authors will be able to distribute to you the full version of the paper:

[Request full paper to the authors](#)

If your institution has an electronic subscription to Journal of Business Research, you can download the paper from the journal website:

[Access to the Journal website](#)

Citation:

Úbeda, F.; Forcadell, F.J.; Aracil, E.; Méndez, A. "How sustainable banking fosters the SDG 10 in weak institutional environments", Journal of Business Research, vol.146, pp.277-287, July, 2022.