The role of effective governance in achieving sustainable finance goals: the way towards shaping a better future for project financing and attain sustainable development _ a field study at the level of the wilaya of Sidi Bel Abbes _

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Received: 01-05-2025 ***Accepted : 12-04-2026*** ***Published 08-06-2026***

Abstract:

This research aims to show the role of effective governance in promoting sustainable finance by providing transparency and accountability, which contributes to enhancing investor confidence to direct their resources towards projects with a positive impact on the environment and society and thus promote the building of an optimal financial system that works to achieve the goals of sustainable development, a field study was conducted at the level of some banks in the wilaya of Sidi Bel Abbes using the questionnaire and interview tool, and the results concluded that Algerian banks face a significant shortage of sustainable financing as a result of many challenges. Such as conflicts of interest, poor transparency, lack of awareness, and qualified competencies to achieve sustainable finance, good governance policies must be activated, legislation must be issued that helps guide towards sustainability, and training and awareness are provided to financial institutions and others.

Keywords*: Governance, Sustainable finance, Sustainable development, Specialized banks*

Jel Classification Codes : *G34 ; G18 ; Q56 ; Q01 ; H81.*

Résumé :

Cette recherche vise à montrer le rôle d'une gouvernance efficace dans la promotion de la finance durable en apportant transparence et responsabilité, ce qui contribue à renforcer la confiance des investisseurs pour orienter leurs ressources vers des projets ayant un impact positif sur l'environnement et la société et ainsi favoriser la construction d'un système financier optimal qui œuvre à l'atteinte des objectifs de développement durable, une étude de terrain a été menée au niveau de certaines banques dans La province de Sidi Belabbès à l'aide du questionnaire et de l'outil d'entretien, et les résultats ont conclu que les banques algériennes font face à une pénurie importante de financements durables en raison de nombreux défis. Pour parvenir à une finance durable, des politiques de bonne gouvernance, des lois doivent être promulguées pour aider à guider vers la durabilité, et des formations et une sensibilisation sont fournies aux institutions financières et à d'autres acteurs.

Mots clés : *Governance, Finance durable, développement durable, Banques spécialisées*

Jel Classification Codes : *G34 ; G18 ; Q56 ; Q01 ; H81.*

I. Introduction

Modern societies seek to achieve sustainable development by balancing economic, social, and environmental dimensions. This requires sustainable financing to achieve these goals, as the latter is a key pillar for directing investments towards projects that enhance public welfare and reduce negative impacts on the environment.

Its impact is reflected in the delivery of banking products and services and the development of banking operations in a Sustainability-related factors: environmental, social, and governance manner in terms of finance, lending and investment activities, and aims to deliver sustainable benefits to all stakeholders, including Employees, stakeholders, and the wider society Governance therefore plays a pivotal role in enhancing the effectiveness of sustainable finance.

I.1.The problem

The problem of this research is the question of how governance systems affect the success of sustainable finance. In light of increasing environmental and social challenges.

Can effective governance enhance the effectiveness of sustainable finance and channel investments towards the SDGs?

I.2. Sub-questions

- What are the most prominent elements of governance that affect sustainable finance?
- What are the challenges facing governance systems in achieving sustainable finance goals?
- How can governance practices be improved to promote sustainable finance in different contexts?

I.3. Hypotheses

- **Hypothesis One:** There is a positive correlation between the quality of governance and the increase in sustainable financing flows in Algerian banks
- **Hypothesis two**: Governance systems in Algerian banks face challenges that negatively affect the effectiveness of sustainable finance.

I.4. Importance of research

The importance of this research is evident in the fact that it contributes to:

- Understand the relationship between governance and sustainable finance, helping policymakers and investors make informed decisions.

- Enhance the academic and practical understanding of researchers on the role of governance in achieving sustainable financing, which supports the efforts of the international community towards achieving sustainable development.
- Provide practical recommendations to improve governance systems and promote sustainable investments.

I.5. Research Objectives

- Analyze the impact of governance systems on sustainable finance.
- Explore governance challenges in this area.
- Provide practical recommendations to improve governance practices.
- Promote awareness of the importance of governance in achieving sustainable development.

I.6. Study Methodology

The descriptive and analytical approach was relied on in the theoretical and applied aspects. Quantitative and qualitative research methods, through questionnaire and interview, were used to collect data from experts and practitioners in the field.

I.7. Previous studies:

1) Study**: (Ben Mawhoub Nassim, 2021) The role of governance principles in the success of sustainable development in economic institutions**, Algeria

aimed to analyze the impact of the application of governance principles on sustainable development in Algerian economic institutions, through a case study of the Phosphate Mines Company in Tebessa. It relied on a questionnaire directed to employees and statistical analysis to test hypotheses. The results showed a significant positive relationship between good governance and the accomplishment of development dimensions, especially economic and social. It recommended mainstreaming governance principles to achieve efficiency and accountability within Algerian institutions.

2) Study: **(Sabrina Bouchenafa, 2022) The Role of Corporate Governance in Achieving Sustainable Development – A Case Study of the Banking Sector**, Algeria

The study of corporate governance in achieving sustainable development in the banking sector in Algeria, through a questionnaire directed to public bank employees, demonstrated that adherence to governance principles such as board independence and financial disclosure contributes to improving environmental, social, and economic performance. She stressed the need to establish a culture of governance in financial institutions. It also recommended activating regulatory

bodies to ensure continuous compliance.

3) Study: **(Ahmed Bougherra, 2021)**, **The Role of Governance in Achieving Sustainable Development in Algeria – Reality and Ambition,** Algeria

It relied on a theoretical and comparative analysis to assess governance and sustainable development in Algeria, benefiting from international experiences. She highlighted the importance of governance principles, especially transparency, anti-corruption, and efficiency, as pillars of development in light of the current challenges. She stressed the need for structural reforms that include strengthening oversight, independence, and modernizing legislation. It concluded that governance represents a strategic entry point to activate sustainable development.

4) Study: **(Lee & Wang, 2024)**, **The Role of Green Finance and Governance in Promoting Renewable Energy**

examined the empirical impact of green finance and governance quality on renewable energy project development and carbon emission reduction in 20 emerging economies during the period 2005–2020. The results showed that countries with effective governance and access to green finance achieved higher investments in clean energy and lower emissions. I used graphical analysis of time data and tablet regression. It recommended developing a supportive legislative environment and increasing transparency to promote green finance.

I.7.1. Analysis of previous studies:

Previous studies, whether Arab or foreign, share an emphasis on the vital role that governance plays in supporting sustainable development paths, through basic principles such as accountability, transparency, and independence. Most studies have shown a positive relationship between governance and the achievement of the three dimensions of development: economic, social, and environmental. It also shows the diversity of methodologies adopted, as Arab studies mostly relied on field tools such as questionnaires, while foreign studies tended to analyze Advanced quantitative data over long-range time data. The studies varied in terms of the sectors addressed, with some focusing on economic institutions and banks, while others focused on the energy sector and green finance. This reflects a diversity of perspectives on treatment, with general agreement on the importance of strengthening governance mechanisms to achieve the SDGs.

I.7.2. What this study adds:

This study is characterized by its direct focus on the relationship between governance and sustainable finance, not only sustainable development in general,

which makes it different from most previous studies. It is also a recent field study in the wilaya of Sidi Bel Abbes, giving it a practical character based on factual data from a local Algerian environment. It is a new contribution to the literature in terms of addressing the local geographical dimension and linking governance to directing funding towards sustainable projects. The importance of the study also lies in its ability to make recommendations that can support public policies or improve the practices of Algerian institutions in the field of governance and sustainable finance.

II. Conceptual Framework for Governance

Governance is one of the most important topics that has received the attention of many researchers, businessmen, and governments recently due to the financial scandals of many companies and the financial and economic crises that the world witnessed in the late nineties and the beginning of the twenty-first century.

II.1 The concept of corporate governance:

There are many concepts related to corporate governance, some of which are mentioned as follows: (Ahmed, 2021, p. 40)

According to the OECD, governance can be understood as a framework that guides and oversees institutional operations. It clarifies the roles, obligations, and interactions among key actors, such as directors, executives, and shareholders, and outlines the mechanisms and principles through which decisions are made and objectives are pursued within the organization.

The definitions provided earlier explain that corporate governance includes a set of principles and regulations that guide officials and management staff on the fulfillment of their responsibilities in accordance with legislation, rules and laws, moreover, it takes into account internal and external factors that affect the interests of various stakeholders, including shareholders, customers, suppliers, government regulators and management.

II.2. Governance Objectives:

The objectives of governance are: (Bouhadda & all, 2020)

Enhance the organization's value and competitiveness by improving organizational performance, accountability, reliability, and senior management.

- Good corporate governance ensures investors that their funds are used efficiently, transparently, and responsibly.
- Improve the performance of the enterprise, build trust with stakeholders, and protect the interests of minority or small investors.
- Achieve justice and transparency, through compliance with laws, principles,

and standards, while combating corruption and promoting accountability

II.3. Key Principles of Corporate Governance: (Aydemir, 2012)

As outlined by Aydemir (2012, p. 17), the core principles of corporate governance can be summarized as follows:

- Establishing a robust legal and regulatory framework to support effective corporate governance.
- Safeguarding shareholders' rights and ensuring equal treatment for all, including minority and foreign investors.
- Promoting transparency through comprehensive disclosure of all significant company-related information.
- Recognizing the role of stakeholders by ensuring their access to relevant information regarding the company's financial condition, performance, ownership structure, and management.
- Defining the strategic role of the Composition of the Board in guiding the organization and overseeing its management.

II.4. Mechanisms of Institutional Governance: (Altamimi, 2022)

According to Altamimi (2022), the mechanisms that support institutional or corporate governance are divided into:

1. **Internal Corporate Governance Mechanisms**

These refer to internal processes and practices aimed at fulfilling organizational goals. They include actions and procedures implemented within the institution and are categorized into various components that collectively ensure effective oversight and control

1.1) Composition and Role of the Board:

the best tool to control the behavior of management, works to protect the capital invested in the company from misuse, and actively participates in the development of the company's strategy, providing appropriate incentives for management, and monitoring its behavior and performance, to maximize the value of the company, and so can perform its duties the most important of which are:

1.2) Audit Committee:

The Audit Committee is among the basic mechanisms of governance, as it promotes reliability and transparency in disclosed financial information, through its supervision of internal audit, its support for external audit bodies, and its emphasis on institutions' commitment to the principles of corporate governance, the committee consists of non-executive members of Composition and Role of

the Board, who are skilled and independent in the field of accounting and auditing.

1.3) Compensation Oversight Committee

It is composed of non-executive directors, and OECD rules have stipulated that the remuneration of directors and senior management should be reasonable, to ensure that the long-term interests of the organization are achieved by attracting highly qualified and skilled professionals.

1.4) Appointments Committee Board

members and employees whose skills and experience match those specified by the organization must be appointed, and to ensure transparency in the appointment of board members and the rest of the staff

1.5) Internal Audit: (Altamimi, 2022)

Both internal and external audits are important oversight mechanisms within the governance structure, especially with regard to ensuring the validity and integrity of financial statements and detecting cases of corruption, and therefore they must be independent, well-regulated and based on their own legislation.

1) **External mechanisms of corporate governance:** (Altamimi, 2022)

The control exercised by external stakeholders of the institution and the pressures exerted by international organizations interested and examples of these mechanisms include the following:

2.1) Competition of the market of products and services

Competition in the market for products or services is one of the governance mechanisms as if the management does not perform its duties properly or is not qualified, it will lead to the failure of the organization in competition, and thus exposed to bankruptcy, and this negatively affects the future of the director and members of, as the suitability tests for appointment often determine that positions of responsibility.

2.2) Merger and acquisition

Mergers and acquisitions are an important governance mechanism, as the services of low-performing departments are often dispensed with when acquisition or merger occurs.

2.3) External Audit

The external auditor plays a major role in improving the reliability of the financial statements, and this requires him to discuss the audit committee in this

and evaluate the internal control system, and the external audit represents the basis for good governance of institutions, by helping to achieve integrity and accountability and ensure trust between the institution's customers and the state.

2.4) Legislation and laws:

The enactment of laws and legislations contributes to achieving certification of the validity of financial information and the internal control system, strengthening communication between the external auditor and the audit committee, determining the ability of company officials to approve decisions that concern them in the company, which may be harmful to the interests of owners.

2.5) Governance Controls : (Abu Dhabi Center for Governance, 2022)

Includes two groups: external and internal controls.

2.5.1) External controls:

The presence of external controls ensures the effective application of laws and regulations that enhance the management of the company, represented by the laws of public investment in the country, economic activities, such as financial market laws and corporate laws, in addition to regulating competition.

2.5.2) Internal controls :

It is a set of rules and principles that determine how to make decisions and distribute powers fairly within the organization through cooperation between the General Assembly, the Board of Directors and executive directors, with the aim of reducing conflicts of interest between these parties

III. Theoretical Framework for Sustainable Finance:

Investors have always focused on how projects yield the greatest financial returns, ignoring any other social and environmental aspects, but with the advent of sustainable finance, they have been forced to adhere to the principles of financial, social and environmental justice together.

III.1 Definition of sustainable finance:

Sustainable financing includes adhering to the public governance framework, enhancing transparency, and supporting monitoring, monitoring and evaluation systems, with the aim of achieving sustainable benefits for all stakeholders... Sustainable finance supports financial and banking stability, as studies have shown that by, companies' performance is positively impacted and risk ratios are reduced... (First bank, 2024)

Funding indicates sustainable to integrate environmental factors Social and governance in the process Financial Decision Making. This includes

consideration of Social and environmental impact for investments, as well as financial return. Sustainable finance is not a separate asset class, It is a way to think about investment decisions that take into account Long-term sustainability. (Faster capital, 2025)

III.2. Types of Sustainable Financing: (Visoun & all, 2020)

Sustainable finance encompasses various financial instruments designed to support projects with positive environmental and social outcomes. Key categories include:

- **Green Bonds:** These are financial instruments issued to support eco-friendly initiatives, such as investments in renewable energy sources or energy-efficient infrastructure.
- **Social Impact Bonds:** A form of outcome-based financing, these bonds are allocated to projects aimed at generating measurable social benefits, including programs in healthcare, education, and social welfare.
- **Sustainable Investment Funds:** These funds channel investments into businesses that adhere to environmental, social, and governance (ESG) principles, prioritizing long-term sustainability over short-term gains.
- **Sustainability-Linked Loans:** These are loans granted to companies that fulfill specific sustainability benchmarks, often tied to measurable environmental or

III.3. The importance of sustainable finance: (Bouhadda & all, 2020)

The banking sector is one of the most important sectors that support the achievement of sustainable development, as banks have an effective role in this by directing financing to more sustainable economic activities, as follows:

- Providing new and innovative financial solutions and banking products, opening new areas and markets for financing, achieving more profits and reducing the chances of default, thus maintaining the quality of the bank's portfolio.
- Enhance foreign investment opportunities by attracting investors targeting sustainable finance.
- Contribute positively to the development of society and the preservation of the surrounding environment.
- Improve the reputation of banks locally and internationally and reduce environmental and social risks.

III.4. Elements of sustainable financing: (Bouhadda & all, 2020)

1) **Environmental component:** factors that are related to the environment

such as climate change, air and water pollution, water scarcity and global warming.

2) **Social component**: factors with social impact, such as job creation and improvement of working conditions that include health, safety, workers' rights, impact on the communities of the population surrounding the projects involved, etc.

3) **Governance: Factors related to how the organization is run,** such as the independence and composition of the board of directors, shareholders' rights and transparency

III.5. Benefits of Sustainable Finance:

Sustainable finance brings a range of advantages, including enhanced risk management, stronger financial outcomes, and meaningful contributions to societal and environmental goals. By incorporating environmental, social, and governance (ESG) considerations, investors can uncover potential risks and opportunities that may be overlooked in traditional financial evaluations. Organizations aligned with ESG principles often demonstrate greater resilience to environmental and social disruptions, which can support improved long-term financial stability. Moreover, sustainable finance plays a crucial role in directing financial resources toward initiatives that promote sustainability and generate positive externalities. (Faster capital, 2025)

III.6. Challenges and criticisms of sustainable finance:

Although sustainable finance holds great promise, it is not without challenges and criticisms. A primary concern is the absence of universally accepted ESG standards, which complicates the process of comparing different investment options. Furthermore, skepticism persists around the authenticity of some sustainable finance practices, with critics warning that such initiatives might be employed more as branding strategies than as genuine efforts toward sustainable development. (Faster capital, 2025)

III.7. Understanding banks specialized in sustainable finance: (Faster capital, 2025)

1) **Definition of specialized banks**

Specialized banks are financial entities that concentrate on catering to a distinct segment of the market or delivering specific financial products and services. While they may provide typical banking functions, such as deposit accounts, credit facilities, and investment solutions, their operations are strategically directed toward particular groups. For instance, a bank might concentrate on financing environmentally sustainable projects or extending credit

to small and medium enterprises with a focus on green innovation.

2) Distinctions Between Specialized and Conventional Banks

Specialized banks differ from traditional banks in many ways. First, they focus on serving a specific segment of the market, while traditional banks serve a more general audience. Second, they often offer more personalized and specialized services, tailored to the needs of their customers. Third, niche banks tend to have a smaller customer base and may operate in a specific geographic area.

3) Advantages of Engaging with Specialized Banks in Sustainable Finance

Utilizing a specialized bank for sustainable finance offers multiple advantages. Such institutions provide tailored financial products that resonate with the ethical and environmental priorities of conscious investors. Their expertise in the field enables them to deliver in-depth guidance and dedicated support for sustainability-driven initiatives. Furthermore, these banks often serve as proactive partners, championing responsible finance and promoting industry best practices in sustainability.

4) Possible Drawbacks of Relying on Specialized Banks

Despite the benefits, certain limitations may arise when working with specialized banks in the realm of sustainable finance. These institutions often serve a narrower clientele and may lack the comprehensive range of services provided by large, traditional banks. Additionally, their operations might be geographically limited, reducing accessibility for some customers. Finally, due to their niche focus and potentially higher operating costs, they may charge elevated fees or offer less competitive interest rates.

5) Outlook for Sustainable Finance within Specialized Banking Institutions

With the rising global interest in sustainability, specialized banks are in a strategic position to lead in sustainable finance. To maintain their relevance and impact, they must continue to innovate by designing new financial instruments aligned with the dynamic expectations of their client base. Close collaboration with regulators and sustainability frameworks will be essential to ensure compliance and credibility. Ultimately, these banks play a vital role in channeling capital toward eco-friendly projects and enterprises, while still delivering financial value to their stakeholders.

III.8. Main financiers of sustainable finance: (London Primer center, 2023)

For climate finance, companies are obliged to finance it and the largest source of it, based on the principle of social responsibility and initiatives based

on that or by investing in several sectors such as infrastructure, renewable energy and transportation ; International financial institutions also support the expansion of investments and green finance by finding, developing and testing new ways of financing and supporting sustainable development by directing financial financing to them through a range of mechanisms such as green bonds, in addition to their influential role in global financial governance to provide more support for sustainable development.

III.9. Responsible for monitoring sustainable finance: (Radban, 2021)

The body responsible for monitoring sustainable finance varies according to the type of financing, in the case of bank financing, the Loan Market Association takes over, the task of which is to determine all the criteria that sustainable loans are supposed to meet. In the case of bonds, the International Capital Markets Association oversees bonds' compliance with applicable standards, publishes and develops a guide to green bonds and principles that organizations and companies must meet.

V.I. The role of governance in sustainable finance - a field study at the level of some banks in the wilaya of Sidi Bel Abbes

In an effort to understand the relationship between governance and sustainable finance in the Algerian context, this applied study came to shed light on the reality of the application of governance principles within some banks in the wilaya of Sidi Bel Abbes. The study aims to investigate the extent to which governance practices.

VI.1) Tools used in analysis

1) Using the questionnaire tool based on the Licart pentameter and using the Cronbach α coefficient, the correlation coefficient r and the significance level Sig to analyze the stability and validity of the internal consistency of the statements of the questionnaire axes
2) The interview in the form of oral questions to gather the opinions of each of the competent staff
3) Note: Included the digital systems on which public institutions rely in accounting and business conduct
4) Using SPSS to obtain a statistical analysis of the respondents participating in the questionnaire
5) Statistical coefficients used in hypothesis analysis: correlation coefficient**,** T-Test
6) **Survey Axes :**

- **First Axes:** Effective Governance Practices
- **Second Axes:** Environmental and Social Governance and Sustainability

- **Third Axes:** Governance and Sustainable Finance

VI.2) Study population and sample:

1. **Study Population:**

The study population is represented by each of the employees of the Accounting and Finance Department: accountants, financial managers, assistants, financial controllers, other financial cadres, senior technician in accounting and the following table shows the number of forms distributed in some banks

2. **Study sample:** 53 questionnaires were distributed in 4 public banks as follows:

Table 01: Distribution of participants by bank

Banks	Algerian Peoples Loan	Bank of Agriculture and Rural Development	Local Development Bank	Bank of Algeria
Distributed Investments	13	14	14	12

Source: prepared by the student based on the data

Table 02: Distribution of study sample according to academic qualification:

Qualification	Number	Percentage
Bachelor of Accounting and Finance, Management, Economics	22	41%
Master of Accounting and Finance, Management, Economics	16	30%
PhD in Accounting and Finance, Management, Economics	7	13%
High Technicien in Accounting	8	15%
Total	53	100%

Source: Prepared by the researcher based on data

Table 03: Distribution of participants by years of experience

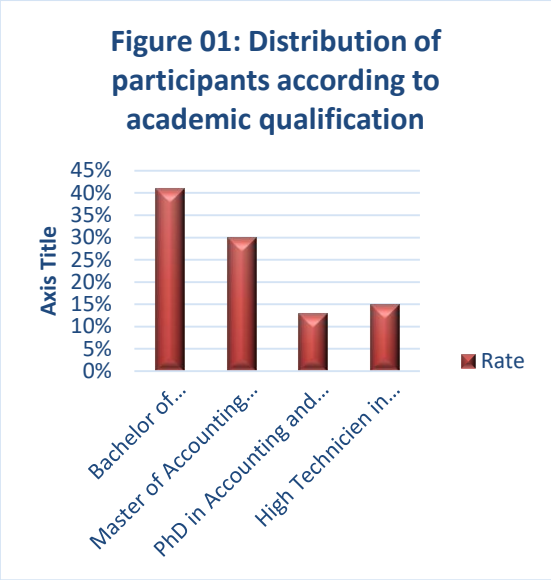
Years of Experience	Rate %
Less than 5 years	30%
5 to 10 years	40%
More than 10 years	30%

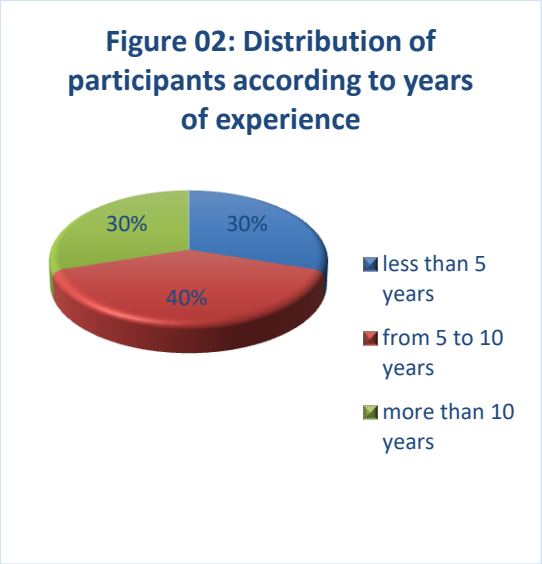
Source: Prepared by the researcher based on data

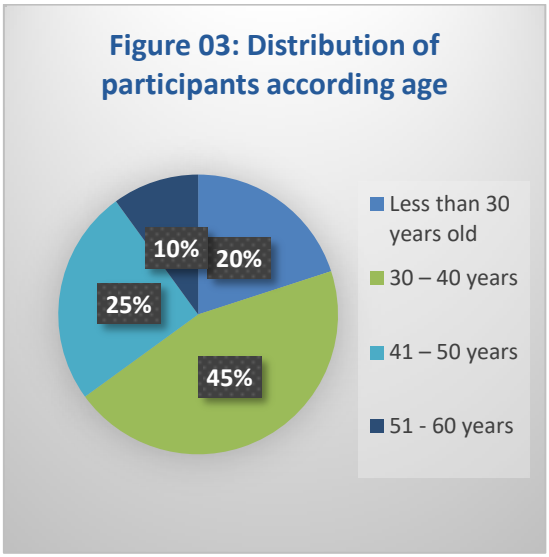
Table 04: Distribution of participants by age:

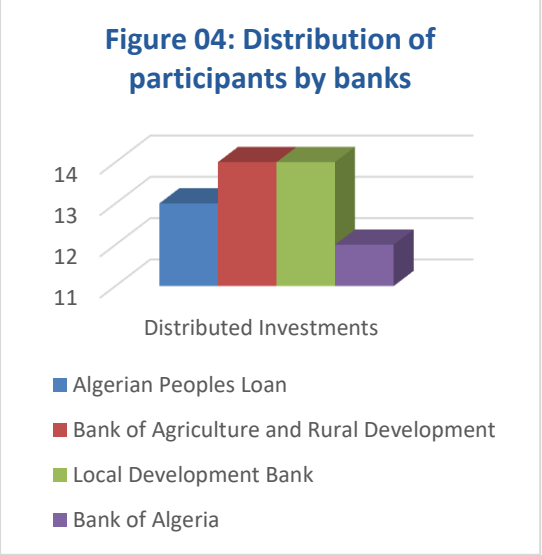
Age Group	Rate %
Less than 30 years old	20%
30 – 40 years	45%
41 – 50 years	25%
51 - 60 years	10%

Source: Prepared by the researcher based on data









Source: Prepared by the researcher based on SPSS

VI.3) Test the validity of the questionnaire:

1. Virtual Honesty Test :

✓ The questionnaire was reviewed based on previous literature related to governance and sustainable finance.

- ✓ The phrases are clearly formulated and appropriate to the level of the participants (bank employees).
- ✓ We made sure that each pillar actually measures what is supposed to be measured (governance - environmental and social sustainability - the relationship between governance and sustainable finance).

Result: The questionnaire has good apparent truthfulness.

2. Stability Test:

Table 03: Results of the test of the validity of the study instrument:

Axes	Number of ferries	Cronbach's α stability coefficient	Honesty coefficient
Effective Governance Practices	5	0.85	0.96
Environmental and Social Governance and Sustainability	5	0.83	0.92
The relationship between governance and sustainable finance	5	0.86	0.97

Source: Prepared by the researcher based on the outputs of SPSS

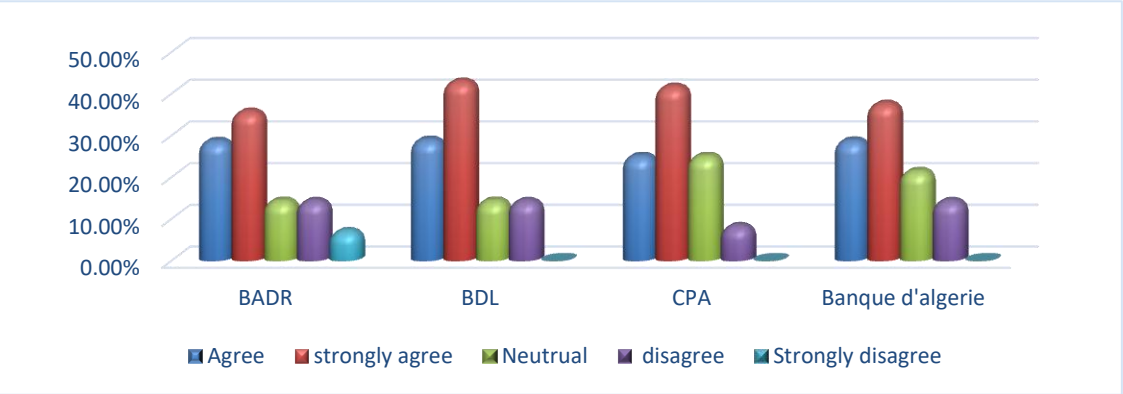
Comment: Through the table above, we note that the value of the stability coefficients ranged between 0.8, which is considered good and very acceptable as it exceeds 9.7 and the same for the coefficient of truthfulness, which exceeded 9.09, and this is what reflects the sincerity of the respondents' answers

Table 04: Results of the opinions of the respondents for the various statements of the first axis: (Governance practices in financial institutions)

Banks	Duplicate									
	Agree	%	Strongly Agree	%	Neutral	%	Disagree	%	Strongly Disagree	%
BADR	4	28.6%	6	35.7%	3	14.3%	1	14.3%	0	7.1%
BDL	3	28.9%	6	42.9%	3	14.3%	1	14.3%	1	0%
CPA	2	25%	4	41.7%	4	25%	2	8.3	0	0%
Bank of Algeria	4	28.7%	5	37.6%	3	21.4%	1	14.3%	0	0%

Source: Prepared by the researcher based on the outputs of SPSS

Figure 05: Results of the opinions of the respondents for the various statements of the first axis



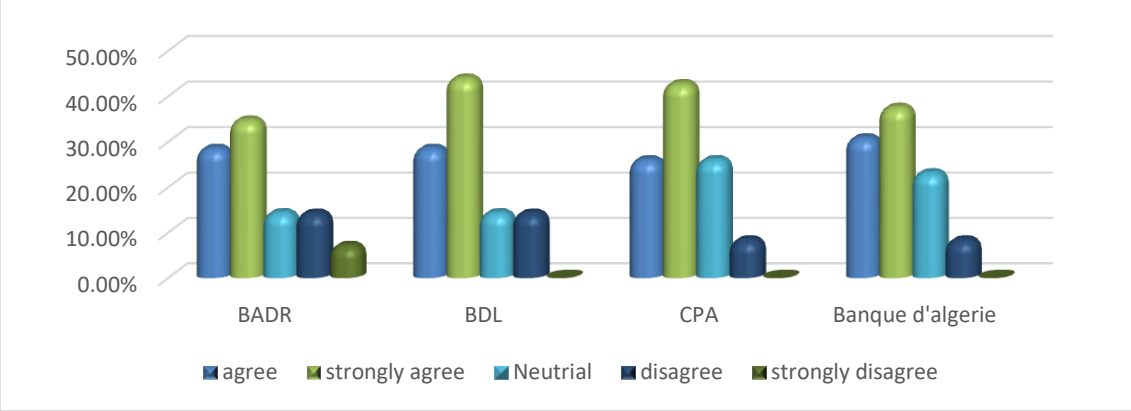
Source: Prepared by the researcher based on the outputs of SPSS

Table 05: Results of the opinions of sample members for the various statements of the second axis: (governance and environmental and social sustainability)

Banks	Duplicate									
	Agree	%	Strongly agree	%	Neutral	%	Disagree	%	Strongly Disagree	%
BADR	4	28.5%	5	34.7%	2	14.3%	2	14.2%	1	7.1%
BDL	4	28.5%	6	43.9%	2	14.3%	2	14.2%	0	0%
CPA	3	26%	5	42.7%	3	26%	1	8.3%	0	0%
Bank of Algeria	4	30.8%	5	37.5%	3	23.1%	1	8.3%	0	0%

Source: Prepared by the researcher based on the outputs of SPSS

Figure 06: Results of the opinions of sample members for the various statements of the second axis



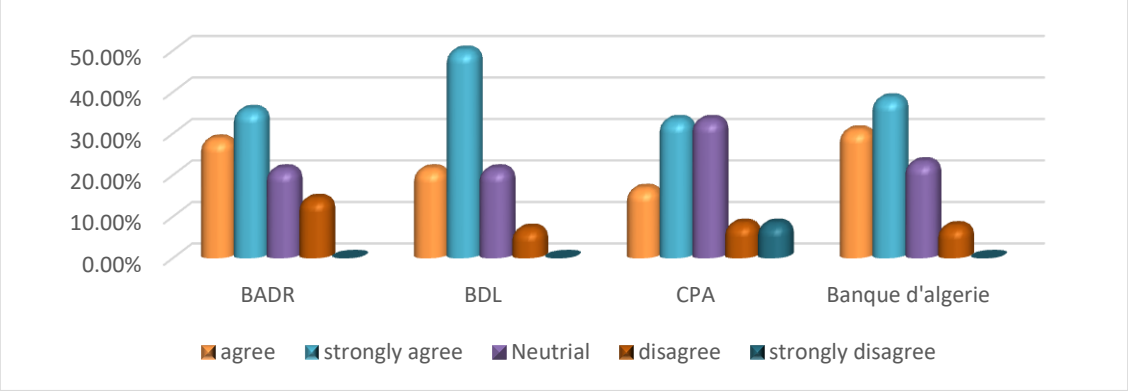
Source: Prepared by the researcher based on the outputs of SPSS

Table 06: Results of the opinions of sample members for the various statements of the third axis: (sustainable finance)

Banks	Duplicate									
	Agree	%	Strongly agree	%	Neutral	%	Disagree	%	Strongly Disagree	%
BADR	4	28.6%	5	35.7%	3	21.4%	2	14.3%	0	0%
BDL	3	21.4%	7	50%	3	21.4%	1	7.1%	0	0%
CPA	2	16.7%	4	33.3%	4	33.3%	1	8.3%	0	8.3%
Bank of Algeria	4	30.8%	5	38.5%	3	23.1%	1	7.7%	0	0%

Source: Prepared by the researcher based on the outputs of SPSS

Figure 07: Results of the opinions of sample members for the various statements of the third axis



Source: Prepared by the researcher based on the outputs of SPSS

Interpretation of tables:

The data shows the distribution of frequencies on the Licart scale (1 to 5) for each axis and for each bank. We can see that choices often tend to have higher values (4 and 5), suggesting that respondents tend to agree or agree strongly with statements.

Analysis:

The figures show the results of the opinions of the respondents of employees in four banks BADR, BDL, CPA, Banque Algeria Axis We note that the largest percentage of respondents tend to agree to varying degrees, with the "strongly agree" category (in red) topping the percentages in all banks, especially in BDL and CPA, reflecting a strong conviction of the importance or achievement of what is stated in the phrases of the first axis. The "I agree" category (blue) also

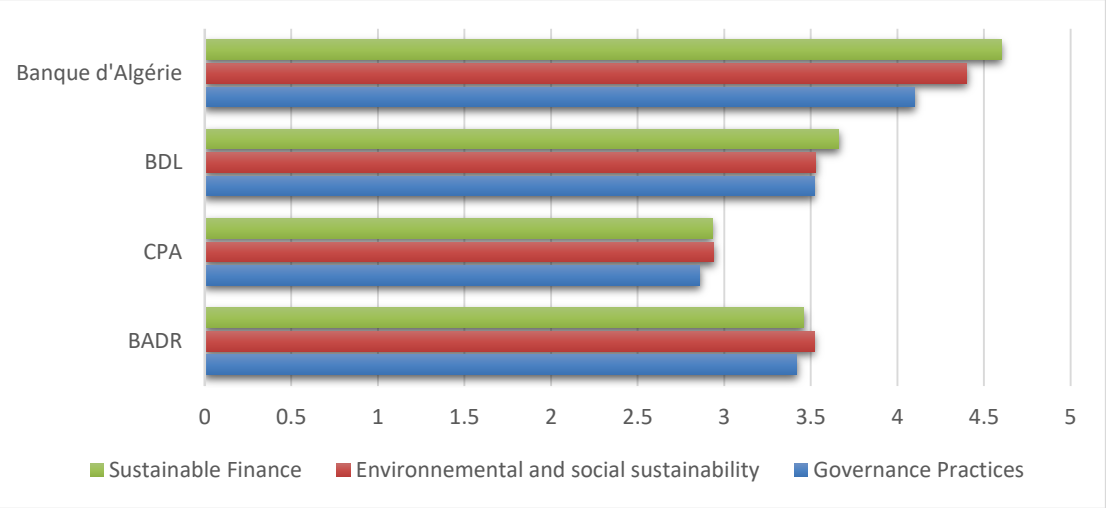
marks high in all banks, especially at BADR and Banque Algeria, reinforcing a general trend towards agreement with the contents of the axis.
It can be concluded that employees in the banks questioned express a relatively high level of awareness or satisfaction.

Table 07: Calculation of statistical averages for each bank

Bank	Governance Practices	Environnemental and social sustainability	Sustainable Finance
	M	M	M
BADR	3.42	3.52	3.46
CPA	2.86	2.94	2.93
BDL	3.52	3.53	3.66
Banque d'Algérie	4.1	4.4	4.6

Source: Prepared by the researcher based on the outputs of SPSS

Figure 08: Calculation of statistical averages for each bank



Source: Prepared by the researcher based on the outputs of SPSS

Review :

1) BADER Bank: Performing relatively well across all axes, with a slightly higher focus on environmental and social sustainability (3.51). This reflects a balanced commitment to governance and sustainability in supporting rural activities.
2) CPA shows lower performance compared to other banks, with relatively low averages (around 2.8). This may indicate a need to improve governance and focus more on sustainability standards.

3) BDL Bank is performing well, especially in the sustainable finance pillar (3.66). This reflects the Bank's positive role in supporting local development.
4) Bank of Algeria: outstanding performance ranging between 4.1 and 4.6, reflecting a strong commitment to governance and supporting sustainable finance as the main regulator.

Table 08: T-statistique test between BADR and CPA First Theme governance Practices in Financial Institutions

Bank	T- Statistique	P-value
BADR/CPA	4.93	0.00005

Source: Prepared by the researcher based on the outputs of SPSS

Analysis: T-statistique = 4.93This indicates that the difference between the averages of the two banks is large enough to be statistically significant.
P-value = 5.00×10^{-5} Since the value p is less than 0.05, the differences between BADR and CPA in governance practices reflect real variation in the evaluation of practices. This means that there are significant differences between BADR and CPA in assessing governance practices, which may indicate that BADR tends to have better governance practices compared to CPA.

IV. Conclusion:

Effective governance is essential in enhancing the sustainability of financing operations, ensuring transparency and accountability, and sustainable finance is an important and growing area that has the potential to promote sustainable development by aligning financial objectives with social and environmental goals, and is likely to play an increasingly important role in the financial sector in the coming years. By considering environmental, social and governance (ESG) factors, enabling investors to identify risks and opportunities that may not arise through financial analysis Traditional, despite the great benefits of sustainable finance, faces many challenges, especially in business environments with traditional systems or bureaucracy.

IV.1) Results :

1. A strong governance system contributes to sustainable financing flows by building trust and improving efficiency in resource allocation.
2. The implementation of governance stimulates investment in environmentally friendly and socially responsible projects, contributing to the achievement of the Sustainable Development Goals.

3. Governance within the studied banks is acceptable to very good, especially in terms of transparency and accountability
4. The orientation towards financing environmental and social projects is medium, with a lack of strong official policies to support sustainable development.
5. There is a strong awareness among employees of the relationship between effective governance and support for sustainable finance
6. Poor transparency and accountability in some institutions reduces the ability of governance to positively impact sustainable finance.
7. Lack of competencies or tools geared to integrating sustainability with governance policies.
8. Algerian banks show varying commitment to governance and support for sustainable finance.
9. The Central Bank (Bank of Algeria) is showing clear leadership in its commitment to standards, while banks like the CPA need improvement in all areas.
10. BADR and BDL show relatively balanced roles with a good focus on different axes.

IV.2) Hypothesis analysis:

- **Hypothesis One:** There is a positive correlation between the quality of governance and the increase in sustainable financing flows in Algerian banks

Table 10: Calculation of correlation coefficient and p-value

Correlation coefficient P	P-value
-0.4	0.6

Source: Prepared by the researcher based on the outputs of SPSS

Interpretation: We note that the value of the correlation coefficient is equal to (-0.4): a weak negative relationship and the p-value: 0.6 is statistically significant because p> 0.05 and therefore there is a weak negative relationship between the quality of governance and the level of sustainable financing, which means that there is a lack of effective governance in Algerian banks, despite the importance of governance, their practices in Algerian banks may not be clearly directed towards promoting sustainable finance. In some cases, governance efforts are isolated from environmental and social policies, leading to a weak relationship.

Thus: rejection of the first hypothesis

- **Hypothesis two:** Governance systems face challenges that negatively affect the effectiveness of sustainable finance.

1) Null hypothesis (H0): There is no significant relationship between challenges in governance systems and the effectiveness of sustainable finance.
2) Alternative hypothesis (H1): There is a significant relationship between challenges in governance systems and the effectiveness of sustainable finance.

Table 11 : Correlation coefficient

Variable	Correlation coefficient r	T value	SIG
Relationship between the two variables	-0.45	-3.05	0.003

Source: Prepared by the researcher based on the outputs of SPSS

Interpretation: The correlation coefficient is negative average strength (-0.45) which means that as challenges increase, the effectiveness of sustainable finance decreases. The calculated T value (-3.05) is statistically significant (Sig. = 0.003 < 0.05), so the alternative hypothesis is acceptable. There is an inverse negative intermediate relationship between governance challenges and the effectiveness of sustainable finance. The greater the challenges in governance systems (such as poor transparency or lack of accountability), the less effective sustainable finance will become.

3) Resolution:

We reject the null hypothesis (H0).

We accept the alternative hypothesis (H1).

Through the results of answering the questions and analyzing the first hypothesis and the decline in the positive relationship, it indicates that there are challenges affecting governance and sustainable finance, such as: poor transparency and accountability as a result of the absence of clear mechanisms for supervision and evaluation within banks, and also conflicts of interest between actors may hinder the implementation of sustainable strategies. Banks may lack the tools or competencies required to effectively integrate sustainability with governance. In addition, legislation and laws are discouraging or ambiguous when it comes to financing sustainable projects, which increases implementation challenges.

- ✓ Thus: Acceptance of the second hypothesis

IV.3) Recommendations :

- ✓ The need to strengthen laws and regulations that link governance principles to sustainable finance goals.

- ✓ Improve awareness among financial institutions about the importance of sustainability and provide training tools for its implementation.
- ✓ Encourage oversight and transparency within institutions to ensure the integration of governance with sustainability.
- ✓ Review governance policies to remove bureaucratic hurdles and increase transparency.
- ✓ Unite efforts between regulators and banks to develop standards that support sustainability.

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